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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D. C.

FC 1-55

February 1, 1955

CONSUMER PREFERENCE SURVEY IN SPANISH COTTON MILLS ^{1/}

In October 1954, the Foreign Trade Service of the Cotton Textile Industry (Servicio de Comercio Exterior de la Industria Textile Algodonera) conducted a survey among its members concerning their mill requirements and preferences for cotton by country of origin, and by grade and staple lengths. Membership of the above organization includes the leading cotton textile manufacturers of Spain. Some of the results of this survey are reproduced here as being of probable interest and value to the American cotton trade.

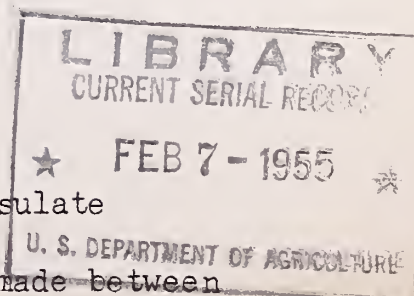
On the basis of the findings reported from this survey, Spanish cotton mill operators would, if exercising free choice, prefer to consume cotton by country of origin according to the following distribution: United States cotton ^{2/} 59.5 percent; Egyptian cotton 16.5 percent; Brazilian 15.0 percent; other 9.0 percent.

With regard to choice of grades of United States cotton, and of staple lengths of all cotton the study revealed that the preferred supply would consist of the following:

United States cotton		:	All cotton	
Distribution	Percent	:	Distribution by	Percent
by grades	of total	:	staple lengths	of total
Good Middling	12.47	:	1-1/8 inch	2.29
Strict Middling	76.48	:	1-1/16 inch	18.05
Middling	9.50	:	1-1/32 inch	31.22
Strict Low	1.55	:	1 inch	38.34
Middling		:	31/32 inch	5.10
		:	15/16" & under	5.00

^{1/} Based on a report from Harry R. Zerbel, American Consulate General, Barcelona.

^{2/} In this survey it appears that no distinctions were made between U.S. and Mexican cotton.



With regard to Egyptian cotton, a preference was indicated for Ashmouni to the extent of about two-thirds of total demand for Egyptian type. Karnak was the second most popular variety in this group. Grade preferences showed Good to be the most popular choice, claiming about 58 percent of total demand. Fully Good was second choice, accounting for 18.0 percent of total demand, and the remaining 24 percent was distributed among the various other Egyptian varieties.

The most popular quality of Brazilian cotton was Type 4 1/2 - preferred by 56.6 percent of the mills over other grades of Brazilian. Second choice was Type 4, claiming 38.4 percent of demand, with Type 5 accounting for the remaining 5.0 percent of total demand for Brazilian cotton.

It should be noted that under the present system of controlled prices prevailing in Spain, it is not always possible for mills to obtain their cotton requirements according to mill preference. At the present time competition between cotton from the United States and from Brazil is keen in Spain, and in recent weeks, between United States and Egyptian cotton, particularly Good Grade Ashmouni. Locally grown cotton, about 75 percent of which moves in the free market has recently been in heavy demand at prices about one-fourth to one-half cent a pound under prices of comparable United States qualities. The 1954 crop is estimated at about 80,000 bales.

After absorbing the entire domestic crop it appears that Spain will probably still need to import 300,000 to 350,000 bales during the current season. Through November 1954 imports into Spain are reported to have totaled only 35,000 bales.

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U. S. DEPARTMENT OF AGRICULTURE

February 1, 1955

FC 2-55

WORLD COTTON CROP ESTIMATE REVISED UPWARD

World cotton production in 1954-55 is now estimated at 36.2 million bales (of 500 pounds gross), representing an increase of 1.5 million over an earlier estimate but 1.8 million less than last year's estimate of 38.0 million bales. The United States, Mexico, Central America, and Brazil accounted for most of the upward revisions since the last report was issued in October 1954.

The 1954-55 production in the United States is less by 2.9 million bales than that of a year earlier, while production in foreign Free World countries is larger by 1.3 million bales. Production in Communist countries as a whole apparently declined slightly with an estimated decrease of 400,000 in China partly offset by an increase in the Soviet Union. World production in the past 3 years has been in excess of world consumption by 1 to 3 million bales (average 2.5 million) annually.

The sharp rise in foreign cotton production in 1954-55 resulted mainly from increased acreage in contrast with the imposition of acreage restrictions in the United States. In the 2 years prior to 1954-55 cotton acreage in most of the major foreign-producing countries was restricted in favor of "grow-more-food" programs or was voluntarily reduced by farmers because of more favorable prices for food crops and tobacco than for cotton. The sharp upturn in foreign cotton acreage in 1954-55 was attributed in recent reports to three principal factors: (1) low world wheat prices that enabled these countries to import low-priced wheat and divert more land to cotton despite a chronic deficit in food crops in many of them; (2) the opening of new irrigation systems, and (3) reduced cotton acreage in the United States coincident with depleted stocks and rising prices of cotton in foreign-producing countries at planting time.

Efforts on the part of foreign growers to increase cotton production in recent years have been much more effective than they were a decade ago when most of the expansion was accomplished by hand labor. Most of the recent increases are being achieved through use of mechanized equipment, new irrigation systems, and more extensive use of fertilizers, insecticides, improved seed and better cultivation practices. With few exceptions, foreign cotton-growing countries are limited in areas of land not in cultivation that are suitable for cultivation without irrigation. Cotton acreage increases in recent years have resulted partly

SOUTH AMERICA									
Argentina.....	770:	1,316:	1,352:	1,300:	289:	427:	575:	600:	575
Brazil.....	5,562:	4,520:	4,000:	4,500:	1,956:	1,352:	1,560:	1,465:	1,750
Colombia.....	98:	-:	200:	230:	23:	27:	50:	90:	135
Ecuador.....	40:	41:	-:	-:	13:	11:	10:	12:	-
Paraguay.....	111:	123:	150:	-:	40:	47:	53:	62:	-
Peru.....	428:	345:	519:	519:	379:	308:	450:	470:	470
Venezuela.....	50:	-:	30:	-:	11:	11:	12:	13:	16
Total 4/.....	7,060:	6,177:	6,292:	6,791:	2,711:	2,184:	2,711:	2,714:	3,021
AFRICA AND OCEANIA									
Anglo-Egyptian Sudan.....	439:	620:	652:	684:	248:	246:	386:	400:	425
Belgian Congo.....	874:	900:	910:	-:	172:	195:	208:	240:	-
Kenya.....	-	56:	87:	90:	13:	6:	8:	14:	11
Nyasaland.....	84:	-:	-:	-:	12:	8:	13:	11:	10
Tanganyika.....	-	207:	152:	200:	50:	38:	65:	42:	67
Uganda.....	1,477:	1,324:	1,611:	1,728:	281:	227:	267:	330:	321
Canary Islands.....	-	2:	5:	-:	-:	1:	6:	3:	-
Egypt.....	1,821:	1,367:	1,375:	1,639:	1,893:	1,456:	2,047:	1,461:	1,495
French Equatorial Africa..	390:	-:	-:	-:	41:	104:	130:	130:	130
French North Africa	1:	5:	30:	-:	8/:	2:	17:	12:	-
French West Africa	-	-:	-:	-:	28:	14:	28:	28:	-
Mozambique.....	-	557:	700:	-:	33:	104:	185:	145:	150
Nigeria.....	-	-:	-:	-:	36:	48:	90:	135:	125
Angola.....	73:	-:	-:	-:	13:	24:	29:	29:	30
Southern Rhodesia.....	2:	5:	-:	-:	8/:	2:	3:	2:	-
Union of South Africa....	-	12:	60:	-:	2:	3:	19:	19:	30
Australia.....	53:	5:	8:	-:	11:	1:	4:	3:	-
Total 4/.....	6,176:	5,710:	7,064:	7,551:	2,840:	2,483:	3,511:	3,015:	3,096
World total 4/.....	81,142:	60,325:	80,815:	77,965:	31,689:	25,687:	35,820:	37,975:	36,190

1/ Years refer to crop years, beginning August 1, in which major portion of crop was harvested. 2/ Production in bales of 478 pounds net prior to 1946 and 480 pounds thereafter. 3/ Preliminary. 4/ Includes estimates for minor-producing countries not listed above and allowances for other figures not available. 5/ Figures for 1943 to date are not comparable with prewar figures because of boundary changes. 6/ Pakistan included with India. 7/ South Korea only, after 1941. 8/ Less than 500. 9/ Exports.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics, reports of United States Agricultural Attaches and other United States representatives abroad and results of office research.

from the use (after irrigation development) of land not formerly in cultivation but more so by diversion of land from other crops. New irrigation projects no doubt will eventually provide some additional acres for cotton that are not now in cultivation but nearly all foreign cotton-growing countries are deficit in food production and their food requirements are rising. Consequently, diversion of additional land from food crops to cotton is not feasible on any significant scale.

Further increases in cotton production are planned by many foreign governments or private interests but most of it is planned by increasing yields per acre. Higher yields are being obtained in food crops as well as cotton by irrigation and other means mentioned above. For this reason, it appears that during the next few years foreign cotton-growing countries generally may be able to meet most of their rising food requirements with little, if any, diversion of cotton land back to food crops. Production will be increased to the extent that average yields can be increased.

Over a longer period, however, increasing food requirements should gain priority over cotton for the limited areas of cultivable land and at an earlier date if cotton prices show any appreciable decline from current levels.

Increasing population, industrialization, and rising standards of living may eventually necessitate new emphasis on food-production programs already in existence in many major foreign cotton-producing countries.

Cotton mill industries are being expanded in nearly all foreign cotton-producing countries. Increased local consumption is thus far absorbing most of the increases in production in Pakistan, Turkey, and India, and to some extent in Brazil and Argentina.

The Government of Pakistan has announced a 3-year production goal of 2.5 million bales (about 2,050,000 bales of 500 pounds) to be reached by 1957-58, a 67-percent increase over the 1954-55 crop. The mill industry also has been expanding rapidly in recent years. If the planned goal of 2 million spindles by the end of 1957 is attained, consumption would reach about 800,000 bales and the amount of cotton available for export in coming years would not be increased above the current level of 900,000 to 1,200,000 bales annually.

Production in Turkey rose rapidly in the early postwar years but in the past 4 years it has fluctuated between 600,000 and 700,000 bales. Expansion of the textile industry is already underway reaching 275,000 bales in 1953-54. Goals for the next 5 years include production at about 1.0 million bales and mill consumption at 600,000 to 700,000 bales, thus maintaining the export surplus at the current level of 350,000 to 400,000 bales.

The Government of India has announced a 5-year cotton production goal of 4.4 million bales (of 500 pounds) by 1960-61, representing an increase

of 550,000 bales or about 15 percent over the 1954-55 crop. Attainment of the goal would represent virtual self-sufficiency in all except Egyptian-type cotton provided the increase is all in American Upland as intended. Import requirements in recent years have ranged between 500,000 and 1,000,000 bales annually, nearly half of it in Egyptian-type cotton and the remainder in American-Upland type. Attainment and maintenance of self-sufficiency in cotton production in the near future will be difficult, however, because the pressure for food production is still so great that increases in cotton production are intended by means of raising yields with no significant increase in acreage.

In Brazil, production has fluctuated during the past 3 years between 1,465,000 and 1,700,000 bales with no definite uptrend. Fluctuations were due to changes in growing conditions and some shifts from cotton to food crops and back to cotton. The 1935-36 to 1939-40 average for Brazil is 1,956,000 bales. Not much new land is accessible to existing roads and railroads and there are no reported plans for early construction of additional mileage. Average yields from land under cultivation to cotton for several years have decreased due to lack of adequate erosion controls and limited use of fertilizer. Increasing interest in coffee cultivation in cotton-growing areas also has held down expansion in cotton acreage. Any sustained increase in production above the present level of 1.7 million bales will probably require a further rise in cotton prices in relation to those of corn and beans.

Production in Mexico in 1954-55 reached a new record high of nearly 1.8 million bales compared with a prewar (1935-39) average of 334,000 and a 1945-49 average of 577,000 bales. In the past 4 years there has been no appreciable change in acreage but production was increased from 1,151,000 bales in 1950-51 to 1,780,000 in 1954-55. New irrigation wells and reservoirs, together with better control of pink bollworm and boll weevil, have nearly doubled the average yield for the country to almost a bale to the acre in 1954-55. Private forecasts for production in 1955-56 range between 1.8 and 2.0 million bales.

The Egyptian Government still has cotton acreage controls in effect as part of a program to increase production of wheat and barley. As a result of restrictions, cotton acreage was reduced from 2,042,000 acres in 1952-53 to 1,375,000 in 1953-54. Moderation of controls permitted an increase in 1954-55 to 1,639,000 acres and further moderations already announced are expected to result in about 2.0 million planted acres in 1955-56. The prewar average is 1,821,000 acres. Food-production programs are expected to maintain a ceiling on cotton acreage at or near the 1955-56 level unless long-range proposals for new irrigation construction in southern Egypt eventually materialize.

There are three other groups of minor cotton-producing countries that have been expanding cotton cultivation rapidly and appear to have capacity for further expansion by new irrigation systems or development of idle land. Those groups are Central America, the Near East, and West Africa.

The outlook for world production in 1955-56 is for further expansion of at least 500,000 bales in foreign production mainly in Mexico, Central America, Pakistan, Egypt, other eastern Mediterranean countries, and West Africa. In all of these countries larger official goals have been announced or larger crops are forecast privately.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Foreign Agricultural Service Committee on Foreign Crop and Livestock Statistics. It is based in part upon reports of U.S. Agricultural Attaches and other FAS representatives abroad.

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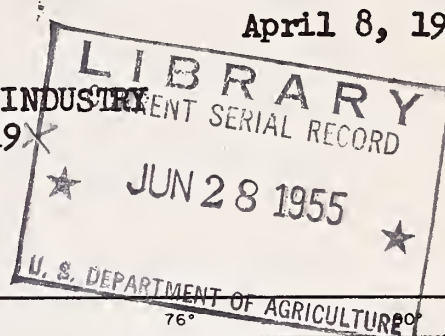
UNITED STATES DEPARTMENT OF AGRICULTURE
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April 8, 1955

DEVELOPMENT IN THE COTTON INDUSTRY OF PAKISTAN SINCE 1949

By Winfield C. King



DEVELOPMENT IN THE COTTON INDUSTRY
OF PAKISTAN SINCE 1949

By Winfield C. King 1/

Summary

Recent developments of significance in the cotton industry of Pakistan include the announcement in early 1954 of a production goal of 2 million bales (500 pounds gross weight) annually to be reached by 1957 and two large land development projects nearing completion in Punjab and Sind Provinces. 2/ Two other development projects on the Indus River may add additional cotton acreage within a few years. Greater utilization by India of the water from the Ravi and Sutlej, tributaries of the Indus has resulted in a reduction in the cotton area of Eastern Punjab and Northeastern Bahawalpur state.

Cotton research facilities have been greatly expanded. Some of the more important activities in this field include the establishment of agricultural research stations in both Bahawalpur and Khairpur states and substations in Thal. In 1954, a substation was established near Thatta, Sind, to study the possibilities of growing Egyptian-type cotton in the southern part of Sind Province where the climate is similar to that of Egypt. Also, the Sind College and Research Station is now being moved from its present location in the Middle Sind Tract to a large, more favorably located area near the main Upland cotton producing tracts. The most important research stations in Sind, Punjab, and Bahawalpur are being equipped with additional laboratory facilities for evaluating the results of the cotton breeding research.

The Institute for Cotton Research and Technology, nearing completion in Karachi, will as the name suggests, conduct cotton technological research. This institute will investigate all phases of cotton and cotton seed utilization. Machinery for the spinning laboratory was installed in 1954 and most of the equipment for the fiber testing section has been ordered.

1/ Mr. King recently returned from Pakistan where he served for over two years as an FOA Extension Advisor.

2/ Most of the geographic areas, rivers, dams, research institutions and textile manufacturing centers referred to herein are shown on the cover.

A fertilizer factory with a capacity of 50,000 tons of ammonium sulfate is expected to be in production by 1956. Heretofore, with the exception of rather widespread demonstrations in 1954, little artificial fertilizer had been used on cotton.

The increasing world supply of cotton and the expansion of the domestic textile industry have brought about increased interest in improving the marketability of Pakistan cotton by improved ginning. Toward this end, four United States manufactured gin plants (total of 14 stands) were imported in 1954 by textile mills and commercial ginnerers. An additional number of new plants is planned for 1955.

Internal consumption of raw cotton has increased tremendously from 120,000 bales in 1949-50 to an estimated 600,000 bales for 1954-55, far out-stripping the average annual increase in production and is now equal to approximately half of the 1954-55 crop. Additional textile mills are being established and a further increase in consumption appears certain.

Acreage and Production

Cotton acreage has been subject to a considerable degree of fluctuation, it increased markedly in 1951 and 1952, due primarily to the stimulus of higher cotton prices at the beginning of the Korean conflict. Reduced production of food grains in 1952-53 brought about a curtailment of cotton acreage in 1953 in favor of summer grain crops.

Table 1. - PAKISTAN: Cotton acreage, production, and yield per acre annual 1949-50 to 1954-55, average 1949-54

(Equivalent bales of 500 pounds gross)						
Year	:	1,000	:	1,000	:	Yield, lbs.
	:	Acres	:	Bales	:	per acre
	:		:		:	
1949-50	:	2,862	:	1,035	:	174
1950-51	:	3,011	:	1,225	:	195
1951-52	:	3,244	:	1,340	:	198
1952-53	:	3,467	:	1,525	:	211
1953-54	:	3,100	:	1,215	:	188
1954-55 (est)	:	3,400	:	1,225	:	173
Av. 1949-50 to 1954-55	:	3,180	:	1,261	:	190

Highest total yields were secured from the largest planted acreage in 1952-53 when 3.47 million acres produced 1.53 million bales. In 1953-54 acreage fell to 3.1 million as a result of the short food grain supply and government action limiting cotton acreage. Production was reduced to 1.22 million bales. Improved conditions in food supplies in 1954-55 with resulting lower prices encouraged some shift of acreage back to cotton.

Cotton acreage was increased by about 10 percent to 3.4 million acres. Adverse weather conditions during July and August of 1954 are responsible for the estimated decrease in yield to 178 pounds of lint per acre, and total production of 1.23 million bales.

Recent yields per acre have averaged appreciably higher than the yield in 1949, except for the estimated 1954-55 production. The record yield of 211 pounds per acre in 1952-53 was in a large measure due to the excellent weather and the availability of adequate irrigation water during the growing and fruiting season. Even though all Upland cotton is irrigated, the weather during August and September is a significant factor influencing yields. This is the monsoon period, and the extent and distribution of rainfall has marked influence on both quality and quantity.

Cultivation techniques remain fairly static. Bullock power continues to be used almost universally, and while improved implements have been designed, no organized production and distribution of the improved tools have been attempted either by government or private manufacturers.

The inability to secure uniform stands because of poor quality seed and the practice of broadcasting and plowing in the seed (90 percent of all cotton in Pakistan is broadcast) is considered to be the greatest single factor responsible for low yields.

Desi (Asiatic) Cotton

The Asiatic varieties of cotton, commonly called desi, are grown to some extent in every state and province of Pakistan except the small hill states of West Pakistan. These varieties are short in staple, with coarse, rough lint and are considered hardy enough to grow under conditions that cause Upland cotton to fail.

Table 2.--PAKISTAN: Desi (Asiatic) Cotton - Acreage, production and yield per acre; annual 1949-50 to 1953-54, average 1949-53

(Equivalent bales of 500 pounds gross)						
Year	:	1,000	:	1,000	:	Yield per
	:	Acres	:	Bales	:	acre pounds
1949-50	:	346	:	96	:	133
1950-51	:	369	:	116	:	151
1951-52	:	462	:	128	:	133
1952-53	:	476	:	153	:	154
1953-54	:	381	:	142	:	179
1949-53 (av.)	:	407	:	127	:	150

The desi varieties usually make up 12 percent of the total cotton production of Pakistan. Acreage in desi since 1948-49 has varied between 346,000 acres producing 96,000 bales in 1949-50 to 476,000 acres yielding 153,000 bales in 1952-53.

Yields of desi have tended to be lower than the yields of Upland cotton, due primarily to being rain grown in some areas (while all Upland is irrigated) and to less emphasis on production and distribution of improved desi seed by the state and national governments. Under similar cultural conditions the Asiatic varieties will yield as well or better than the Upland. Eighty to 85 percent of the total desi production occurs within the major cotton producing area of West Pakistan. The production of East Pakistan is fairly constant near 13,000 bales. Practically all of this production is concentrated in a relatively small area in the hill lands of south eastern East Pakistan.

About two-thirds of Pakistan's desi cotton is exported; the United Kingdom, France, Italy, and Germany being important buyers. The United States also buys small amounts. Because of its coarse springy nature, desis are useful for padding, stuffing, and mixing with wool in the manufacture of low-priced blankets and carpets. Most of that consumed in Pakistan is in hand spinning, padding, and the making of quilts. This consumption is estimated at 40,000 to 50,000 bales annually.

Prices of desi have followed prices for Upland varieties very closely, normally being about 2 cents a pound less than for the shortest of the Upland varieties. Desi is subject to an export tax of 4.62 cents per pound as compared with 6.93 cents for Upland varieties.

In 1953, a government program of seed production and distribution was initiated in one of the major desi producing areas, to offset the increasing complaints by foreign purchasers that Pakistan desis were losing part of their value for specialized uses due to mixing with Uplands. This has occurred mainly by failure to keep the planting seeds separated but some mixing of seed cotton occurs before ginning.

A program of breeding and selection for an early maturing variety was also initiated in 1954 in an effort to find a suitable cash crop for those areas that are affected by inadequate supplies of irrigation water for the longer growing season required by the Upland varieties.

Cotton Developments of Immediate Significance

Within the next three years, the Thal project in Northwestern Punjab, and the Lower Sind Barrage (dam) are expected to add about 400,000 acres to the cotton area. Between 50,000 and 95,000 additional acres have already been planted in Thal. Within the next 10 years, an additional 100,000 acres of cotton may be added by the Taunsa Barrage in Southwestern Punjab and the proposed Upper Sind Barrage near Gudu. (See map)

Diversion of increasing amounts of water from the Ravi and Sutlej Rivers by India has seriously affected the cotton production potential of approximately 100,000 acres in Eastern Punjab and Bahawalpur state. Upland cotton has practically disappeared from these areas.

The first commercial fertilizer factory with an annual capacity of 50,000 tons of ammonium sulfate is nearing completion in Northwestern Pakistan. The amount of nitrogen that will be made available for cotton from the factory is not known and the rate at which nitrogen can be economically applied to cotton in Pakistan at prevailing market rates has not yet been satisfactorily determined.

Widespread demonstrations of the use of ammonium sulfate on cotton were carried out by the Pakistan Government during the 1954-55 season, as part of a program to educate producers in using fertilizers on cotton and other crops. Approximately 100,000 tons of fertilizer were sold at special rates of which approximately 25,000 tons were applied on about 450,000 acres of cotton. This was the first time in history that an appreciable quantity of commercial fertilizer had been applied to cotton in Pakistan.

Research

Punjab Agricultural College and Research Station at Lyallpur has developed most of the Upland varieties of cotton in use in Pakistan since the first commercial variety was released in 1914. New strains developed recently at Lyallpur, which promise higher yield and a longer staple, are now undergoing extensive field trials. Another promising new strain of higher yielding ability has recently been developed at Sind Government Cotton Research, Headquarters, Mirpurkhas, and is also undergoing extensive field trials.

Agricultural research stations have been in operation by Bahawalpur and Khaipur States since 1950. Breeding and selection on both American Upland and Asiatic varieties are underway at these sites. Two branch stations recently have been opened in Thal and a substation for work on Egyptian varieties was established in Sind during 1954.

The removal of the Sind Agricultural College and Research Station from Sakrand to the new site near Hyderabad will provide a larger area for both research and seed production. The old site will be retained as a government seed propagation farm for cotton and other crops.

The Pakistan Central Cotton Committee, in cooperation with the cotton producing states and provinces, is continuing a comprehensive program of countrywide research on cotton fertilization.

Consumption

Pakistan began its national existence in 1947 with textile manufacturing facilities sufficient to supply only about 15 percent of the requirements of the country. As a result of the expansion in textile manufacturing it is estimated that Pakistan now produces about 60 percent of its requirements of the utility types of cloth.

Table 3.--PAKISTAN: Cotton mill consumption, operating spindles, and looms - 1949-50 to 1954-55

(Equivalent bales of 500 pounds gross)						
Mill	:	1,000	:	Spindles	:	Looms
Year	:	Bales	:		:	
1949-50	:	120	:	177,418	:	4,824
1950-51	:	160	:	203,818	:	5,330
1951-52	:	175	:	281,218	:	5,535
1952-53	:	245	:	390,800	:	5,735
1953-54	:	440	:	771,325	:	12,965
1954-55 (Est.)	:	600	:	1,000,000	:	20,000

Spindles in operation have increased from 177,418 in 1949 to an estimated 850,000 in February 1955 with an additional 200,000 or more spindles being installed.

The rapid expansion of the textile industry has resulted in a precipitous rise in mill consumption from 120,000 bales in 1949-50 to an estimated 600,000 bales for 1954, with additional mills under construction. About 40,000 additional bales are estimated to be consumed annually by various types of cottage industries. The rate of increase in consumption is far greater than that of production. Mounting mill requirements indicate that Pakistan cotton exports will decline during the next 4 or 5 years unless production is greatly increased.

Ginning and Marketing

The bulk of the crop is still ginned on roller gins. However, some unofficial estimates indicate as much as 25 percent is now saw ginned. Prior to partition in 1947, the ginning industry was dominated by Sikhs and Hindus who abandoned the plants and migrated to India during the period of communal strife. These abandoned plants were taken over by the state and provincial governments and leased, or allotted, to immigrants from India. The temporary nature of these allotments, along with the inexperience of the allottees, led to a rapid depreciation of the ginning plants and machinery, resulting in a steady deterioration in ginning efficiency. The large amount of low grade cotton and the increasing demand of the domestic textile industry for better quality were primary factors leading to the importation of four new saw gin plants with a total of 14 stands from the United States

in 1954. Additional new gins are expected to be imported and installed in 1955, as other textile mill owners are vitally interested in securing adequate supplies of high grade cotton. Little of this better quality cotton is expected to enter international trade as the internal demand for quality is steadily growing and the domestic textile industry will be in a position to out-bid the exporters, due to the 6.9 cents per pound tax imposed on Upland type cotton for export.

Prior to 1947 most of the cotton produced in West Pakistan was exported. Karachi was the only location with large storage facilities. A small amount of storage capacity existed at that time at the gins and at the few textile mills in up-country Pakistan, but no other major storage facilities existed.

The Karachi storage area has a capacity of 480,000 bales, half of which can be stored under shelter on concrete platforms. The other part is usually stored on timbers to keep the bales from contact with the ground and most of it is covered with canvas to afford protection from the weather. As Karachi averages only about 5 inches of rain per year, there is relatively little risk of weather damage.

As textile mills are being built in all areas of West Pakistan including the non-cotton producing areas of North West Frontier and Baluchistan, problems have arisen in marketing and storage. Many of the textile mills have found it necessary to build storage for a 10 to 12 months' supply of cotton and to fill this storage during the ginning season regardless of price, to avoid drawing their supplies at a later date from the Karachi storage area, paying the additional freight and storage costs on cotton that may have been produced near the mill centers.

A futures market was opened in Karachi on February 28. Trade and government circles are optimistic that many problems of marketing will be solved by this action.

Exports

Pakistan is one of the major exporters of raw cotton. Average annual exports for the period August 1, 1949 to July 31, 1954 have been 996,000 bales.

Table 4.--PAKISTAN: Exports of cotton by countries of destination; 1949-50 to 1953-54

(Equivalent bales of 500 pounds gross)						
Country of destination	Year beginning August 1					
	1949	1950	1951	1952	1953	
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>
Belgium.....	7.5	6.5	0.2	26.5	15.2	
Czechoslovakia.....	17.5	7.1	10.5	0	0	
France.....	102.8	75.5	59.8	80.0	71.7	
Germany.....	28.6	38.1	26.3	89.0	32.1	
Italy.....	35.7	89.8	58.6	52.1	61.6	
Poland.....	26.5	33.8	52.2	0	0	
Spain	23.0	44.0	18.8	47.6	9.0	
United Kingdom.....	50.6	102.2	67.1	102.7	87.8	
Australia.....	20.1	50.6	7.9	26.1	34.7	
French India.....	29.3	21.4	6.5	9.9	19.4	
Hong Kong.....	196.7	119.4	66.1	100.7	96.8	
China.....	39.2	108.7	300.9	96.9	153.2	
Japan.....	123.2	280.9	234.1	517.4	261.9	
Soviet Union.....	86.3	0	0	63.1	0	
Other countries.....	67.0	60.2	9.7	60.6	49.8	
Total.....	854.0	1,039.0	918.7	1,272.9	893.2	

Source: Government of Pakistan--Ministry of Commerce and Education and Foreign Service reports.

The United Kingdom, Japan, China and Hong Kong are the most important buyers, taking from 36 percent to 74 percent of Pakistan's total exports each year. In 1949-50 Pakistan shipped 410,000 bales to these markets. Largest exports to these areas occurred in 1952-53 when 818,000 bales were taken by them. China was the most important destination in 1951-52 taking almost 301,000 bales with Japan in second place with 234,000. Japan was Pakistan's best customer in 1952-53 taking 517,000 bales and again in 1953-54 buying 261,000 bales.

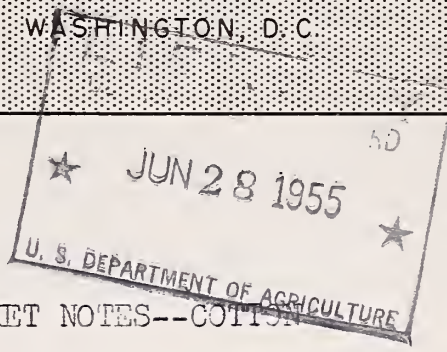
Exports to most other countries have varied widely from year to year. The most noticeable variations are in sales to Poland and the Soviet Union ranging from no sales to 86,000 bales.



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FOREIGN MARKET NOTES--COTTON

X Cotton Production Expanding in Central America 1/

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Summary

Cotton growers in Nicaragua, El Salvador and Guatemala have just completed picking the largest cotton crops on record. The 1954-55 crops (harvested during December-April) totaled nearly 300,000 bales after a sharp rise from 50,000 bales 4 years ago. A further increase of about 100,000 bales is expected in 1955-56. Local estimates of potential production, after a few years, range from 700,000 to 900,000 bales.

Farmers have adopted United States methods of cultivation, as well as improved varieties of cotton, farm equipment and ginning machinery. Consequently, they have quickly reached a high level of efficiency comparable with that in some of the best cotton producing areas in the United States. Most of the cotton is graded Strict Low Middling or higher and nearly all of it ranged from 1 1/32 to 1 3/32 inches in staple length.

Yields of as much as 2 bales to the acre without irrigation are obtained from the low, fertile plains along the Pacific Coast in each country, where practically all the cotton is grown. However, the national average for each country this year is approximately one bale per acre.

1/ A study of foreign competition with United States cotton, based on information gathered on a 4-week trip through Central America. Mr. Barber acknowledges the help given him by Claud L. Horn, United States Agricultural Attache to Central American countries, and by the staffs of the United States Embassies at Managua, San Salvador and Guatemala City. Officials of the respective governments and cotton cooperatives also were very helpful in supplying requested information.

Very few farmers have used fertilizer to date but greater use of it is planned beginning with the next crop. The need for fertilizer will become more urgent because crop rotation is not generally practiced. Nearly all the cotton in Central America is grown on large plantations using tractors and other heavy equipment for cultivation and airplanes for dusting and spraying of insecticides.

Technical information on cotton growing and marketing has been derived from 3 principal sources; exporters of machinery, equipment and insecticides (mostly United States firms) doing business in Central America; members of cotton cooperatives and government officials who have visited the United States or attended college here; and agricultural experiment stations

Cost of production varies in each country and with each person who submitted cost figures. Estimates received from several sources ranged from \$135 to \$160 per acre with most variations due to the range in yields per acre affecting ginning cost and to variations in use of fertilizer and insecticide. Wages paid to laborers for picking cotton range from \$.80 to \$1.50 (U. S.) per 100 pounds of seed cotton but in some places, meals, shelter and transportation are provided for cotton pickers without charge.

Cotton growing in Central America was virtually abandoned several times during the past half century because of inability to cope with heavy insect infestation. The two principal factors that have made possible the profitable cultivation of cotton under the normal climatic conditions existent in Central America are mechanization and insecticidal dusting by airplanes. Mechanized equipment is necessary to prepare and plant large areas during the brief lull in the rainy season. Planting is done between showers in July about 2 months after the rainy season begins and the cotton is ready for picking soon after the rains cease late in November. The extensive use of airplanes for frequent applications of insecticides has proved to be the only successful way to control heavy insect infestation on large cotton areas during the rainy growing season.

The first sharp rise in cotton planting occurred in Nicaragua in 1949 when farmers reduced their sesame acreage because of weak export demand and low prices. Large areas of undergrazed pasture and idle jungle land were available in all 3 countries at that time for planting to cotton but the necessary capital needed for importation of machines, equipment, planes and gins was not readily available. The exceptionally high prices available for cotton in 1950 and 1951 not only stimulated a strong interest in cotton growing but brought high profits and greater access to loans needed for expansion.

Central American cotton was exported in 1950-51 (first year of war in Korea) at prices as high as \$.85 (U. S.) for Middling 1 1/16 inches. Prices of \$.35 to \$.40 a pound since that time have made cotton one of the most profitable crops in these countries and are still considered

sufficiently high to stimulate further expansion in acreage. Cotton from these 3 countries is usually sold at prices slightly under those quoted on United States markets. The high enthusiasm for cotton growing, both in official and private circles, has been a power in itself for successful development of this new industry. Cotton apparently is leading the general development of agriculture with additional roads and clearing of new land in heretofore underdeveloped areas.

Most of the land now in cotton was formerly in pasture although large areas also were diverted from corn, sesame, rice and other crops or cleared of trees for first cultivation. There are still large areas of jungle in Guatemala and Nicaragua with excellent soil for cotton growing but the clearing of such lands is difficult, slow and costly. The road systems and port facilities are still inadequate but new roads are under construction in all 3 countries and port improvements are planned in Nicaragua and Guatemala.

There is no doubt that Central America has enough fertile land and can obtain enough equipment to eventually expand cotton production to the potential levels mentioned on page 1. It is evident, however, that cotton production has already expanded beyond the available facilities for efficient ginning, transportation, warehousing and loading (at ports). Also, cotton cultivation apparently has drawn too heavily on the land normally used for pasture and food crops. There has been a sharp rise in food prices in the past year because of reduced production of food crops and some food commodities normally exported are now being imported.

This condition, unless relieved by heavier imports, may provide inducement for farmers in some areas to grow more food or refrain from further diversion of acreage from food crops to cotton. Diversion of pasture to cotton will probably be continued as semi-cleared jungle areas are opened for pasturage. The uptrend in prices available to farmers for food crops together with the high cost of cotton production and the growing world surplus of cotton may contribute to a leveling off of production in Central America between 500,000 and 600,000 bales instead of 700,000 to 900,000 as estimated by growers.

NICARAGUA

Size and Importance of Cotton Crop

Cotton now exceeds coffee as Nicaragua's leading crop and largest export commodity. Production rose from an annual average of 4,000 bales during the first 4 postwar years to 22,000 in 1950-51 and to 175,000 in 1954-55 on a planted area of 190,000 acres. At an average price of about \$.35 (U. S.) a pound the 1954-55 crop is worth approximately \$31 million.

Most of the cotton areas are composed of land formerly in pasture. Large areas were also diverted from corn, rice and sesame. Cattle numbers are declining, food prices have risen sharply and corn as well as dairy products are being imported. Corn and livestock were export commodities prior to 1954. A 50 percent increase in cotton production is anticipated in 1955 by further diversions of pasture and other crop lands to cotton and by clearing of additional jungle areas. Potential production within a few years is estimated by local growers at 400,000 bales. Future plans for expansion of cotton, however, may have to be more closely integrated with the government's general program for economic development.

On February 16, 1955 the President announced a 3-year program for economic stability and development which includes a plan to restore production of basic food commodities to the level of national requirements. A sum of about 24 million cordobas (\$3.6 million) is authorized by the government to supplement private capital in this undertaking. The program involves many phases of economic development and improvements including opening of new lands for cultivation, but present plans do not call for the diversion of any cotton acreage back to other crops.

Area, Soils and Climate

Nicaragua's cotton belt extends along the Pacific Coast from Costa Rica almost to the Gulf of Fonseca and the Honduras border and throughout most of the lowlands from the Pacific Coast eastward to the city of Managua about 50 miles inland. No cotton is grown in the eastern and northern portions of the country where the rainfall is too heavy and much of the topography is mountainous.

The soil and climate are excellent for cotton cultivation but quite different from those in the cotton areas of the United States. The soil is of volcanic origin and as much as 15 feet deep in many places. It is very porous, allowing water to soak in quickly but in periods of heavy rainfall or high winds its fine texture permits greater erosion than is the case with heavier soils. Much fertile topsoil has already been washed away where the land is slightly rolling. Instead of winter and summer, there are wet and dry seasons. The heavy rains usually start in mid-April or early in May and cotton planting is begun early in July when there is

usually a 3 or 4-week period of lighter rainfall. Mechanization now makes it possible for farmers, working between showers, to plant larger areas to cotton in these few weeks of suitable weather. About 95 percent of the cotton acreage is cultivated with tractor powered implements.

Cotton grows during the rainy season to about the end of November. The hot, dry weather during December through mid-April causes the bolls to open rapidly and provides ideal conditions for picking and ginning the crop.

These conditions appear ideal for cotton growing but there are some unfavorable features that result in a higher cost of production than in similar fertile areas of other countries. The fine volcanic ash dries quickly so that cultivation is possible within a few hours after a heavy rain. On the other hand it is subject to severe erosion by wind or rain and permits the leeching of fertilizer before the plants can derive the full benefit from it. Very little fertilizer has been used to date because of the high fertility of the topsoil. Fertilizer has been used on only about 1,000 of the 190,000 acres planted to cotton in 1954 but its use is expected to be increased substantially this year.

Insects and Diseases

The most destructive and difficult insect pest to control is the false pink bollworm (similar in some respects to pink bollworm found in Mexico and southwestern United States). It attacks bolls of all sizes and cannot be destroyed by poisoning when it gets inside the bolls. Control is possible only at hatching time. Boll weevil are prevalent in all Central American countries but are effectively controlled by frequent dusting.

Aphis exist in large numbers and require frequent dusting for effective control. They eat the leaves and drop a sticky substance called "honey-dew" on the fiber that cannot be removed by cleaning equipment in the gins. Fungus growth soon gives this substance the appearance of tar. This reduces the quality of the fiber by at least 2 grades. Only 10 to 15 percent of the 1954-55 crop was affected by this insect and most of the damage is in isolated areas.

Leaf or army worm is the most numerous of all cotton pests but are easiest to control because it feeds on cotton leaves. When the bolls are ready to open, some growers discontinue the use of insecticides to let the leaf worms defoliate the plants. Chemical defoliants are used on less than 20 percent of the crop. Hot, dry weather eventually defoliates the plants not exposed to chemicals or leaf worms.

Frequent and heavy rainfall during the growing season stimulates plant growth but also provides ideal conditions for fungus growth and propagation of insect pests. With no freezing temperatures between seasons to help control the pests, they infest the cotton crop every year

in large numbers. Application of insecticides by ground equipment proved too slow to cope with the insects successfully. Dusting and spraying are now done entirely by airplane every 5 to 7 days on a regular schedule. This is a high cost operation but it is probably the greatest single factor that has permitted successful and profitable growing of cotton in Nicaragua in recent years. This cost was estimated by one source at about \$45 per acre. Insecticide sprays are rapidly displacing dusts because they are more effective under frequent rainfall conditions and can be applied all day instead of just during morning hours when dew is on the leaves.

The government requires that old cotton plants be destroyed by March 15 each year in order to maintain better control of insect pests. Many farmers also plow the fields at this time but early plowing results in a longer period of time for wind erosion before the next planting begins.

The only diseases that cause appreciable loss of yield are root rot and boll rot, both of which are attributed to rapid plant growth and poor cross pollination during the rainy season. There is also some bacterial leaf spot and wilt (possibly fusarium). Lightning often strikes the ground in cotton fields and kills cotton plants in areas from 15 to 100 feet in diameter.

Land Tenure and Farm Labor

Nearly all cotton is grown on large plantations. However, increasing portions of the total acreage have been rented by individuals (mostly urban business men) from large landholders and are being cultivated by laborers on a daily wage basis. Permanent tenants also work on a daily wage basis. There is no share cropping in Nicaragua. Land rent generally ranges from \$20 to \$30 per acre. Tractor rental stations have been established for cooperative use and airplane dusting or sprays of insecticides is arranged for on a cooperative basis.

Available labor for picking cotton is scarce. More than 100 cotton picking machines have been imported but no more than 25 are believed to have been used to date. Most of the others are still in possession of dealers. They have not proved satisfactory in Nicaragua because the cotton plants are too tall (3 to 6 feet) for efficient machine picking and only one gin in the country has the special cleaning equipment needed to properly cleanse machine-picked cotton.

Without this special cleaning process, machine-picked cotton when classed, is usually downgraded by 3 or 4 grades. Cleaning equipment can be installed in the gins now in operation but it is expensive and gin owners are unwilling to make the investment until growers develop or adopt varieties and cultural practices that will assure more extensive and continued use of machine pickers.

Wages for picking cotton range from 6 to 10 cordobas per Spanish quintal (\$.90 to \$1.50 a hundred pounds) of seed cotton plus meals and transportation to the cotton fields. Adult pickers average about 100 pounds of seed cotton a day. Most of them hold a burlap bag in one hand while picking with the other. No cotton bags for picking were seen or reported on this trip but they are being made available for the 1955-56 crop.

The cost of picking a bale (1500 pounds of seed cotton) by hand was estimated by one private source at 135 cordobas (about \$20). The cost of picking a bale by machine was estimated at 27.50 cordobas (\$4). The latter figure included depreciation on a machine costing 40,000 cordobas (\$6,060), fuel, maintenance and operator's pay. This also assumes near-capacity operation, picking 10 bales a day. On this basis, the saving of \$16 a bale on the first 380 bales picked would pay for the machine in 38 days of work with depreciation based on 500 days of operation. However, this makes no allowance for the loss of 2 or more grades in quality of machine-picked cotton when compared with hand-picked cotton.

Varieties and Source of Planting Seed

Nearly all cotton grown in Nicaragua is Delfos, an American Upland variety, with staple lengths ranging from 1 1/32 to 1 3/32 inches. Gin yield averages about 39 percent lint except where the fiber is damaged by fungus or "honey dew" in which case the gin yield is about 37 percent.

Small quantities of Coker 100 Wilt, Acala 1517, D. P. L. 15 and Stoneville are also grown. The experiment station near Managua made a series of variety tests last year and may recommend that all growers shift to Acala 1517 in 1955. About 2 years would be required to complete the change. Most of Nicaragua's planting seed are usually imported from the United States by local importers holding orders from growers.

Ginning and Classing

There are 21 ginning plants with a total of 73 stands in Nicaragua. Seven of the gins with a total of 17 stands were installed in 1954. Two or 3 additional gins are planned for 1955. The existing plants operate 7 days a week during the major part of the harvest season and average about 20 hours a day of actual working time. Each stand can gin about 2 bales an hour. Allowing for repair and servicing, the combined capacity of all the gins working on the above schedule is estimated at about 2,500 bales a day. Thus they should be able to gin a crop of 175,000 bales in 70 days assuming a sufficient supply of cotton is on hand throughout the ginning season to maintain operations on the above schedule.

All ginning equipment installed in recent years is new equipment imported from the United States. The charge for ginning is \$15 (U. S.) per bale. Most bales range in weight from 510 to 530 pounds gross but

tare weight is only 15 pounds. Density is 28 to 30 pounds per cubic foot and bale dimensions are 53 x 27 x 21 inches. Hessian cloth (burlap) is the cover used on all Nicaraguan cotton except for a very small percent of cotton cloth covers.

In mid-February, the date of the writer's visit to Nicaragua, there were many large mounds of seed cotton piled on the gin yards without cover and probably totaling 3,000 to 6,000 equivalent bales at each gin. More cotton was being brought in from the fields at about the same rate as it was being ginned.

Most of the hand-picked cotton is graded Middling and Strict Low Middling. Small quantities are graded higher while late season pickings and machine-picked cotton are considerably lower in grade. All cotton classing is done by classers employed by the Nicaraguan Government and using sample boxes prepared in the United States. Two classers are Americans and a third is German.

Marketing

A number of foreign buyers are stationed in Nicaragua during the harvest period and buy cotton direct from the producers after samples have been classed at the government's classing station. Local mills consume only about 5,000 bales annually and the remainder is exported mainly to Europe and Japan. There is no immediate prospect for an increase in local mill demand. There are no high density compresses in the country.

Financing

The National Bank of Nicaragua (official agency) grants production loans up to 1,050 cordobas per manzana (\$91 per acre) to producers using tractors and 1100 cordobas (\$95) to those not using tractors. The interest rate is 6 percent annually plus 1 percent for service. The Bank, using funds derived from International Bank loans, grants 3-year loans to producers for purchase of imported equipment. One-third of the loan must be repaid at the end of each of the 3 years. The maximum loan available to any individual is 1,750,000 cordobas (\$265,150).

Transportation and Port Facilities

Railroad transportation at \$1.35 a bale is available for cotton shipments from Managua to the port of Corinto, a distance of about 80 miles. There is no suitable road between these towns for hauling cotton by truck. An additional \$1.40 a bale is required in handling costs to place the cotton on the wharf ready for loading. More than half of the country's cotton is exported from the port of San Juan del Sur about 75 miles from Managua on the Pacific Coast near the Costa Rican border. Most of the cotton in the Managua area is moved to that port by truck over a secondary road at a cost of about \$3.75 a bale.

The wharves at Corinto can accommodate 2 ocean-going vessels at a time but much of the loading is still done by lighter to avoid delay due to the fact that harvest and exports of nearly all agricultural commodities occur simultaneously during the dry months. The port of San Juan has no docking facilities for ocean-going vessels and all loading is done by lighter. Warehouse space is inadequate in both ports and large numbers of cotton bales are stacked in open spaces during the period of heavy movement. Improvement of port facilities is on the government's high priority list.

EL SALVADOR

Production Trends

Cotton production in El Salvador averaged 21,000 bales during the first 5 postwar years, increased to 42,000 in 1951-52 and to 75,000 in 1954-55 with acreage in the latter year estimated at 73,000 acres. An increase of only 10 or 15 percent in production is expected this year mainly by increased yields through greater use of fertilizer. Further increases in acreage are expected to be small due to food crop requirements. Cotton acreage is not restricted but growers must obtain permits each year before planting. Potential production without serious reduction of grain crops, is estimated at slightly over 100,000 bales from an equal number of acres.

Yields average about a bale to the acre but some areas produced as much as 2 bales per acre in 1954-55. Cotton stalks from 6 to 8 feet tall were not uncommon. All cotton growers are members of a very efficient cooperative that supplies all materials, equipment and services needed by growers.

Cotton production has not increased in El Salvador as rapidly as in Nicaragua and Guatemala. This is due mainly to the fact that it is the smallest and most densely populated of the Latin American republics and must maintain adequate food production. It is about the size of the State of Maryland with a population of 2,100,000 people. More than two-thirds of the total area is too mountainous for cotton cultivation or large-scale farming of any kind.

Soil and Climate

The soil in the lowlands along the Pacific Coast where all the cotton is grown is rich volcanic ash which averages about 2 feet in depth as compared with a depth of from 10 to 15 feet in Guatemala. Some land owners refrain from growing cotton because they say cotton cultivation causes much more erosion of valuable topsoil than do most other crops now grown in this area. Grass (for pasture), sugar cane and rice are preferred for preservation of topsoil.

The wet and dry seasons and periods of planting and harvesting cotton are about the same as in Nicaragua.

Insects and Diseases

The principal insect pests are boll weevil, army (leaf) worm and "false" pink bollworm. Only 6 specimens of the bollworm were found last year and the area was quarantined. About 80 percent of the insecticides used are applied by plane. Formerly most insecticides were used in dust form but about two-thirds of it is now applied in the form of spray. The cooperative owns 43 planes for dusting or spraying and

contracts for an additional 15 to 24 planes and pilots. Insecticides are applied in larger than recommended quantities every 3, 4 or 6 days on a regular schedule. Losses due to insects are reported to be insignificant with resulting higher yields and a higher average quality of cotton. The total charge for applying insecticides (dust form) is 10 colones per manzana (\$2.32 per acre) for each application. About \$.56 of this price is for plane service and the remainder is for insecticide. The insecticide is applied 20 to 30 times a season at a rate of 600 pounds per 15 manzanas (25.9 acres) each time. The total cost to cotton growers for the season would thus be computed at \$46 to \$70 per acre.

Insecticides usually cost about \$2.40 per 100 pounds if bought through the cooperative and \$3.20 when bought from private distributors.

Excessive rainfall during the 1954-55 growing season prevented proper cross-pollination and caused bollrot that resulted in some reduction in yields.

Land Tenure and Farm Labor

Most of the cotton in El Salvador is grown on large plantations but there are a small number of farmers cultivating less than 50 acres each. Most of these farmers are renting small areas from plantation owners. The number of cotton producers in the country decreased from 1,140 in 1952-53 to 757 in 1953-54 then rose in 1954-55 to 1,002. The average acreage per grower, however, moved steadily upward in those years from 62 to 69 to 73 acres. All farmers growing cotton are required by law to obtain a permit and register the number of acres of cotton to be planted but thus far there have been no restrictions on the area that each producer can plant.

Rental charges for cotton land range from about \$20 to \$30 per acre. Wages for picking cotton range from 80 cents to \$1.20 per 100 pounds of seed cotton with most laborers receiving a rate of \$1. Adult laborers pick 75 to 125 pounds daily with most of them averaging about 100 pounds. Meals, housing and transportation are not included but migratory workers usually erect temporary shelters near the cotton fields and live there until the harvest is finished.

Urban industrial wages average about double those of agricultural workers but farm laborers reportedly prefer rural life and have to date shown no tendency to migrate to the cities. However, the urban labor supply is reported to be fully adequate for industrial requirements without drawing on the supply of farm labor. Labor is generally in surplus in the country as a whole except during December - March, when nearly all crops are being harvested.

Mechanized equipment is used to cultivate 60-75 percent of the cotton crop. The remaining 25-40 percent is cultivated by ox-drawn implements or vehicles.

Varieties

Nearly all cotton grown in El Salvador is DPL-15, an American Upland variety with a staple length of $1 \frac{1}{32}$ to $1 \frac{3}{32}$ inches. All the cotton is usually stapled as $1 \frac{3}{32}$ inches (Grades will be discussed under "Ginning and Classing").

There is no law or regulation prohibiting the planting of other varieties but all cotton growers are members of the cooperative and the cooperative encourages members to grow only the recommended variety. The cooperative owns all 4 gins and will not gin any variety other than DPL-15 until all seed needed for planting the next crop have been set aside.

Ginning and Classing

The 4 gins now in operation in El Salvador have 5 stands each, 90 saws to each stand in 2 of the gins and 80 saws each in the other two. The gins operate 24 hours a day except for occasional stoppage for repair or maintenance. Gins operate 7 days a week during ginning season with the exception of 2 days (pay days) each month. Each plant can gin about 150 bales a day.

The capacity of existing gins is very inadequate to handle crops of the size harvested in 1954-55. Two new gins are planned for 1955 and the capacity of one of those now in operation will be doubled this year.

An American classer, employed by the cotton cooperative, is in charge of all cotton classing work in El Salvador. A set of samples prepared in the United States are kept in the classing room for reference. The 1953-54 crop was classed as follows: Middling Fair and Good Middling 3 percent, Strict Middling 16 percent, Middling Bright 50 percent, Middling Gray and Middling Spotted (both equivalent to about SLM) 26 percent, lower grades and shorter staples down to $15/16$ inch, 5 percent.

The charge (mutual cost basis) for ginning is 15 colones (\$6) per bale. The seed (surplus above planting needs) are sold through the cooperative in bulk for crushing or for export. Cottonseed hulls are usually burned or dumped in open spaces and left to rot.

Bale weights average somewhat more than 500 pounds gross with a tare of 18 pounds each. Bale covers are made of burlap (hessian cloth) and each bale is tied with 10 steel bands. Each gin is surrounded by a circle of 18 to 20 individual storage bins (all-weather protection) with total capacity of 22.5 to 25.0 million pounds (equivalent to 15,000 to 17,000 bales, ginned basis). Each bin is divided into compartments so each producer may deliver his cotton to the gin as fast as it is picked and keep it separate from others. Cotton is moved from the storage bins to the gin, distance of 200 to 300 feet, by suction through large pipes.

Marketing

All cotton and cottonseed are marketed by the cotton cooperative and the proceeds are divided among members on the basis of the weight of seed cotton delivered to the gins. It is all sold on type subject to arbitration at the destination. No foreign buyers are stationed in El Salvador regularly.

Local mills usually consume 12,000 to 13,000 bales of cotton annually and the remainder of the crop is exported. An increase of about 1,000 bales in consumption is expected by reactivation of a mill purchased recently by the cotton cooperative. All bales are kept in the gin yard 10 days after ginning as a quarantine against possible fire that might be smoldering inside the bales. In 1954, about 5,000 bales were lost in a fire at the gin near San Salvador. (See Table 6 in Appendix for exports by destination.)

Financing

No loans are available to growers from the government or the cooperative but the cooperative advances 22 colones per quintal of seed cotton (8.7 cents a pound) when the cotton is delivered to the gin. This advance amount is offered for the 1954-55 crop and is based on an expected final average return of 34 colones per quintal (13.4 cents a pound). Gin yields are reported at 1 pound of lint from 2.65 pounds of seed cotton or 37.7 percent.

Limited foreign credit for importation of machinery and equipment is available, mostly from United States and German exporters of farm machinery.

Transportation and Port Facilities

The Pan American highway through El Salvador is completed. This and other paved roads connect the capital and Pacific seaports with nearly all other important towns. Paved roads supplemented by all-weather gravel roads provide access to nearly all cotton producing areas. Highway and railroad transportation and port facilities are considered very adequate for cotton.

Railroad transportation is available from all existing and planned gin locations to the port of La Union on the Gulf of Fonseca and near the Honduran border. This port has plenty of storage capacity and can load 2 ocean-going vessels at a time. The port of La Libertad, the only other port that handles cotton, is accessible by paved road but not by railroad and loading of ocean ships is done only by lighter. Not much cotton is moved through this port.

GUATEMALA

Production Trends

Cotton production in Guatemala averaged about 4,000 bales annually during the first 5 postwar years, increased to 11,000 by 1951-52 and to 35,000 in 1954-55 from an area estimated at 40,000 acres. A further increase of 75 to 100 percent is anticipated for 1955-56, while potential production is estimated by various sources in Guatemala at 200,000 to 400,000 bales. Availability of land suitable for cotton growing was mentioned by growers as the principal factor that will determine the upper limits of expansion.

Most of the land now in cotton was formerly pasture land. The pastures have been understocked in recent years so the diversion of about 40,000 acres to cotton has not yet necessitated a reduction in cattle numbers. No actual livestock census has been made but there has been no significant change in livestock prices to indicate reduction in numbers. Considerably more pasture land is expected to be planted to cotton as more cattle are being moved to partly cleared jungle areas. Large areas, mostly dense jungle, are lying idle in the fertile coastal lowlands but the process of clearing this land has been slow and expensive.

Two types of jungle clearing machines that pulverize bushes and stumps up to 6 inches in diameter have recently been offered for the first time by an American export firm at \$715.00 and \$995.00 respectively, delivered in Guatemala. These machines are expected to be a means of rapid clearance of areas where the larger trees have already been removed by manual labor. New pastures can be created quickly this way but before cultivation is possible large tree roots and stumps below the surface must either be removed by heavy bulldozers or await slower destruction by termites and other wood-eating insects that thrive in the jungles. The latter method seemed to be the choice of farmers who have already tried the bulldozers. Construction of roads into these uncultivated areas is also a necessary prerequisite to agricultural development.

The principal impediment to early expansion into new areas is the insufficient supply of heavy equipment, especially tractors, and inadequate capital available for such purchases. Cotton growers say that livestock (beef cattle) and sugar cane are next to cotton as profitable sources of farm income and would get first attention if cotton prices became less attractive.

Cotton expansion in Guatemala got a late start due mainly to the unsettled political conditions that preceded a brief revolution and overthrow of the National Government in July 1954. Private capital was not available for investment in farm machinery, trucks, and ginning equipment while the former government was expropriating land for distribution among

tenants. Most of the expansion in acreage prior to 1954 was on land owned by government officials or in temporary custody of a government agency after expropriation.

Area, Yields, Soil and Climate

Nearly all of Guatemala's cotton acreage is on the level lowlands between the Pacific coast and the mountains. This strip extends about 130 miles along the coast and 15 to 30 miles inland. Cotton is scattered among other crops over most of this area with the greatest concentration in the State of Escuintla. Small quantities are also grown in the plateaus east of Guatemala City near the Honduran border.

Yields average about a bale to the acre although many of the fields observed, produced up to 1 1/2 bales per acre this year. Soil, climate, and planting and harvest dates are similar to those in Nicaragua.

Insects and Diseases

Boll weevil, "false" pink bollworm and army worm, described under the section on Nicaragua, are the principal insect pests. Damage from aphids and diseases were not reported in Guatemala. Dusting and spraying are done mainly by airplane as in Nicaragua but a few growers are still using ground equipment to apply insecticides.

Land Tenure and Farm Labor

Practically all cotton grown in Guatemala is on plantations, many of them with an area of more than 10,000 acres each. There is no system of share cropping in the country. All farm labor is paid on a daily wage basis. Food, shelter, and transportation are provided without charge for laborers. Plantation owners usually maintain a minimum force of year-round labor and transport seasonal workers from the mountain villages during the harvest period. These workers live in temporary shelters until the harvest is finished.

Wages for picking average \$1.50 per hundred pounds of seed cotton plus food, shelter, and transportation. Permanent tenants pick about 100 pounds a day but seasonal workers average only about 50 pounds. Wages for hoeing cotton are 1 cent for each 40 yards of cotton row. Tractor drivers receive \$2.50 a day and bulldozer operators \$3.00. Available labor for cotton picking appears to be barely adequate because harvesting of all crops is done simultaneously during the dry season, November-April.

Varieties and Qualities

Nearly all cotton grown in Guatemala is reported to be DPL-15, an American Upland variety averaging 1 1/16 inches in staple length. About 60 percent of the 1953-54 crop was classed as Strict Low Middling, 26 percent Low Middling and 10 percent Middling. Practically all planting seed are

still being imported from the United States but members of the newly formed (December 1954) cotton cooperative expect to eventually establish their own system for selection and distribution of certified seed. Imported seed are usually obtained through commercial channels but in the future this may become a function of the cooperative.

Cotton Cooperative

Benefits to members include cooperative marketing, centralized purchasing of equipment and materials at discounts, cooperative ownership of several gins and a source of market information and other published material.

The members of this organization produce about 60 percent of Guatemala's cotton crop and gin a much larger portion. Most of the remaining 40 percent is produced on land which is in the custody of the National Government while awaiting an International Court Decision regarding rightful ownership. It was previously owned by former government officials or was held by the former government after expropriation for distribution to farm tenants.

Ginning and Classing

There are 8 gins in Guatemala with a total of 26 stands. Four of the gins have 4 to 5 stands each, 2 have 3 stands each, 1 has 2 stands and 1 has 1 stand. Two gin units (5 stands and 4 stands respectively) are on the same gin yard at Escuintla. At least 2 and possibly 3 new gins with 4 stands each are expected to be installed in 1955. The gins operate 24 hours a day and 7 days a week during the harvest period except for necessary time out for repair or maintenance.

All classing for members of the cooperative is now being done at Escuintla by a Mexican national employed by the cooperative. The charge for ginning is \$15.00 (U. S.) a bale. All bales are covered with thin cotton cloth. Most bales have a gross weight of 510 to 530 pounds and tare weight of 15 pounds.

Marketing

Sales for export, made by co-op members and the government are conducted once a week at the co-op's headquarters in Guatemala City through a system of auction by receiving sealed bids. Samples are available for inspection by buyers. A number of foreign buyers are stationed in the city during the ginning season and bid for the cotton in this way.

The local mill industry consumes about 10,000 bales annually and has no immediate prospect for increasing its rate of consumption. Insufficient capital and limitations on available loans were given as reasons for the lack of expansion plans. The mills obtain most of their cotton requirements by purchase of seed cotton and gin it in their own gin plants.

Financing

Capital for production loans, construction, import buying and investment is still scarce as a result of a \$50 million flight of capital just prior to July 1954 and the \$55 million internal debt left by the regime that ended last July. Government loans are available up to \$50,000 to each eligible borrower at 8 percent interest plus nearly 2 percent in other charges. This provides some aid for imports of equipment but the sum available is not sufficient to insure further gin or mill construction.

Guatemala imposed an export tax of 2 cents a pound on cotton late in 1954 effective for 1 year.

Port Facilities and Roads

The port of San Jose on the Pacific coast is the only outlet for exports. Cotton as well as coffee and other products from this part of the country move through this port. There is no channel for ocean going vessels so all cargo must be moved by lighters to the vessels anchored a mile offshore. A majority of the cotton is produced within 50 miles of this port and is transported by the single railroad or by truck.

Roads to present cotton areas are adequate for dry weather hauling and some new construction is under way. Many areas of potential farm land, however, cannot be reached by truck at the present time for lack of suitable roads and bridges.

HONDURAS

Information received in El Salvador indicates that cotton production in Honduras in recent years has averaged about 400 bales annually. An increase to about 9,000 acres with a probable yield of 1,500 bales is expected for 1955-56. Yields range from 1 to 2 bales per acre.

The cotton grown thus far has been near the Salvadoran border and near the Gulf of Fonseca. All growers are members of the cooperative in El Salvador and their cotton is all ginned and marketed at San Miguel, El Salvador. However, Honduran growers are planning to form their own cooperative this year and establish a gin at Nacaome, Honduras. Cotton for export would probably still be moved through La Union, El Salvador, as there is no suitable port on the Pacific Coast of Honduras.

Table 1.--Cotton: Acreage and production, Nicaragua, El Salvador and Guatemala, averages 1935-39 and 1945-49, annual 1950-54 1/

Country	Acreage						
	Average		1950	1951	1952	1953	1954 <u>2/</u>
	1935-39	1945-49					
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	acres	acres	acres	acres	acres	acres	acres
Nicaragua	9	11	43	86	64	100	190
El Salvador	9	35	47	72	71	54	73
Guatemala	3	8	6	20	22	27	40
Total	21	54	96	178	157	181	303

Country	Production <u>3/</u>						
	Average		1950	1951	1952	1953	1954 <u>2/</u>
	1935-39	1945-49					
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	bales	bales	bales	bales	bales	bales	bales
Nicaragua	5	7	22	47	57	109	175
El Salvador	5	21	27	43	47	57	75
Guatemala	2	4	4	11	16	27	35
Total	12	32	53	101	120	193	285

1/ Years refer to crop years, beginning August 1, in which major portion of crop was harvested.

2/ Preliminary.

3/ Production in bales of 478 pounds net prior to 1946, and 480 pounds thereafter.

Foreign Agricultural Service - Cotton Division.

Table 2.--NICARAGUA: Supply and distribution of cotton, 1945-54

(Bales of 500 pounds gross)													
	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1/		
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	bales	bales
	bales	bales	bales	bales	bales	bales	bales	bales	bales	bales	bales		
Supply													
Stocks, August 1	7	6	5	2	4	8	2	29	12	10			
Production	4	1	-	6	21	22	47	57	109	175			
Imports	-	1	1	-	-	-	-	-	-	-			
Total supply	11	8	6	8	25	30	49	86	121	185			
Distribution													
Consumption	3	3	3	3	4	4	4	5	5	5			
Destroyed	-	-	-	-	-	-	-	-	-	-			
Exports	2	-	1	1	13	24	16	69	106	2/165			
Stocks, July 31	6	5	2	4	8	2	29	12	10	11			
Total distribution	11	8	6	8	25	30	49	86	121	185			
1/ Estimated.													
2/ Available for export.													

Foreign Agricultural Service - Cotton Division

Table 3.--EL SALVADOR: Supply and distribution of cotton, 1945-54

(Bales of 500 pounds gross)															
	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1/				
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	bales	bales	bales	bales
Supply															
Stocks, August 1.....	4	4	5	8	8	12	5	27	16	13					
Production	11	19	21	22	30	27	43	47	57	75					
Imports	-	-	-	-	-	-	-	-	-	-					
Total supply	15	23	26	30	38	39	48	74	73	88					
Distribution															
Consumption	8	12	11	12	12	12	13	12	13	13					
Destroyed	-	-	-	-	-	-	-	-	-	-					
Exports	3	6	7	10	14	22	6	46	42	2/ 65					
Stocks, July 31	4	5	8	8	12	5	27	16	13	6					
Total distribution	15	23	26	30	38	39	48	74	73	88					
1/ Estimated.															
2/ Available for export.															

Table 4.--GUATEMALA: Supply and distribution of cotton, 1945-54

(Bales of 500 pounds gross)												
	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1/	
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		
	bales	bales	bales	bales	bales	bales	bales	bales	bales	bales		
Supply												
Stocks, August 1.....	4	3	5	4	5	6	4	5	7	5		
Production	3	4	5	5	4	4	11	16	27	35		
Imports	5	9	10	9	8	6	1	-	-	-		
Total supply.....	12	16	20	18	17	16	16	21	34	40		
Distribution												
Consumption.....	9	11	16	13	11	12	11	12	12	12		
Destroyed.....	-	-	-	-	-	-	-	2	-	-		
Exports.....	-	-	-	-	-	-	-	-	17	2/ 23		
Stocks, July 31.....	3	5	4	5	6	4	5	7	5	5		
Total distribution.....	12	16	20	18	17	16	16	21	34	40		
1/ Estimated.												
2/ Available for export.												

Table 5.--NICARAGUA: Exports of cotton by countries of destination;
average 1945-49; crop years 1950-53;
August-February 1953-54 and 1954-55
(Bales of 500 pounds gross)

Country of destination	Year beginning August 1					August-February	
	Average	1950	1951	1952	1953	1953-54	1954-55
	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales
Belgium.....	0	3.5	1.6	2.4	6.6	2.1	2.1
Costa Rica.....	.2	1.0	0	0	0	0	0
France.....	0	1.0	2.1	2.2	0	0	0
Germany.....	0	.9	1.5	30.3	39.9	10.4	5.3
Guatemala.....	.6	.2	.7	0	0	0	0
Italy.....	0	0	3.4	4.5	0	0	0
Japan.....	0	6.1	.4	11.0	28.9	5.2	2.1
Netherlands.....	0	1.6	3.0	10.4	9.7	3.4	2.5
Sweden.....	0	.8	1.0	3.8	3.8	.9	.2
United Kingdom..	.2	5.4	1.6	2.1	12.5	1.5	2.0
United States...	-	3.2	.2	1.0	.4	.4	.1
Other countries..	0	.7	.5	.8	0	0	.6
Total.....	1.0	24.4	16.0	68.5	101.8	23.9	14.9

1/ Calendar years.

Compiled from reports of Agricultural Attaches, other U. S. representatives abroad, and official sources.

Table 6.--El Salvador: Exports of cotton by countries of destination;
crop years 1950-53; August- September 1953 and 1954

Country of destination	Year beginning August 1				August-September	
	1950	1951	1952	1953	1953	1954
	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales	: 1,000 : : bales
Belgium.....	2.7	0.9	4.2	2.6	0	0
France.....	0	.2	.1	2.0	0	0
Germany.....	0	.1	24.3	4.7	0	0
Guatemala.....	4.4	.2	0	0	0	0
Italy.....	0	1.5	3.7	.1	0	0
Japan.....	2.0	0	1.3	12.0	.9	0
Netherlands.....	1.0	1.2	6.9	1.4	0	0
Panama.....	4.0	0	0	0	0	0
Spain.....	0	0	1.6	0	0	0
Switzerland.....	1.1	.5	.6	.2	0	0
United Kingdom.....	6.2	2.8	3.7	19.0	.6	.2
Other countries.....	.5	.2	0	.1	0	0
Total.....	21.9	7.6	46.4	42.1	1.5	.2

Compiled from official records.

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FOREIGN MARKET NOTES--COTTON
U.S. DEPARTMENT OF AGRICULTURE

Cotton Situation in Western Europe 1/

By Francis H. Whitaker
Marketing Specialist

Cotton consumption in the countries of Western Europe including the United Kingdom for the first 5 to 7 months of the current season is running about 4 percent higher than last year.

Imports of all cotton during the same period were running about the same as last year. However, the imports of United States cotton were 37 percent greater than for the same period of the preceding season. The United Kingdom up to April 1, 1955, had already imported more United States cotton than during the entire 12 months of the 1953-54 season. Stocks in Europe were sufficient excluding Sweden, Switzerland and the United Kingdom on February 1, 1955, for only about 2.8 months' operation. Sweden, Switzerland and United Kingdom had from 5 to 8 months' stocks.

Beginning about March first of the current season, purchases of raw cotton for import began to decline drastically. The principle cause of this is the fear that there might be a substantial break in world cotton prices. Under such conditions importers, spinners, weavers and converters are reducing their stocks to a bare working minimum. Stocks at all levels will continue to be kept to a minimum as long as the pricing policy of the 1955-56 United States crop remains uncertain.

Mills that have stocks of cotton which they can do without have thrown such cotton on the market and merchants and importers who have excessive stocks, are endeavoring to dispose of them at reduced prices. Exotic cotton is being offered on the European markets at reduced prices. The spread between prices of exotics and United States cotton has been widening during the past 60 days. On May 6, 1955, exotic growths were being offered on European markets at from 350 to 650 points under similar quality

1/ Part of a continuing study of foreign market outlets for United States cotton conducted by the U.S. Department of Agriculture. In making this study, Mr. Whitaker received assistance from the office of the American Consul General in Milan, Bremen, Manchester and Barcelona and the offices of the Agricultural Attaches in the countries visited. The statistics presented herein have been accepted by the author as reliable.

United States cotton. In addition, the Liverpool futures market which normally is about 300 points above the New York futures has narrowed to about 90 points. With such a confused situation, it is hardly likely that either consumption or imports of raw cotton will be as high in Western Europe this season as last.

The decision as to sources of purchases by European mills during the past several years has been governed primarily by price and foreign exchange availabilities. Cotton is usually purchased from sources where it is available at the lowest prices. Beginning with this crop season, the countries of Western Europe, with the exception of France, Italy and Spain have no exchange difficulties and have been free to purchase any cotton they desire. In the three countries named above, the Governments are trying to build up dollar reserves and therefore encourage the cotton importers to purchase soft currency cottons. Licenses for importing American cotton in these countries are difficult to secure.

While some of the European cotton importers buy strictly on a quality basis from long established sources, the number that purchase under this system is not as great as formerly. However, it is believed some buyers are beginning to switch back to quality purchases since they have learned that purchases made strictly on price sometimes result in disappointment in the qualities received. It was the quality purchasers that imported most of the cotton that was exported by the United States to Europe during the last 7 months of the crop year 1952-53 and the first 5 months of the crop year 1953-54, when United States cotton was being undersold in the world markets.

UNITED KINGDOM

While cotton consumption for the first 6 months of the current crop season in the United Kingdom was about 4 percent larger than for the same period in the previous season, consumption during the remainder of the 1954-55 period is expected to be considerably below the consumption rate for the last half of the 1953-54 season. Consumption in the United Kingdom during the current season is expected to be 5 to 10 percent below the total for 1953-54. Although some sources believe that the threat of a United States subsidy has been largely responsible for the reduction in stocks of yarns, piece goods and other cotton materials, they blame most of the reduced consumption on smaller textile exports and increased textile imports. India, Hong Kong and Japan are shipping textiles into the United Kingdom and underselling the local mills.

It is reported that mills in India are able to secure domestic cotton at about 10 cents per pound cheaper than the United Kingdom can import cotton. This plus lower wages gives the Indian mills the advantage in pricing their textiles in Britain. Also the spinning mills of the United Kingdom have had for some time a floor under the price of their yarns. This was brought about by an agreement entered into by members of the cotton spinners association. The spinners who produce single count yarn for sale observe a uniform policy in selling. The insistence on prices not below the association's minimum rates has placed the United Kingdom

spinners in about the same position as the American cotton farmer. That is, other countries are getting the business by offering yarns at lower prices. Consideration is now being given to letting the agreement lapse.

Stocks of raw cotton in the United Kingdom on February 28, 1955, were reported at about 749,000 bales which based on current consumption rates are sufficient for about 5.2 months' operation. Imports of all cotton into the United Kingdom for the period August 1, 1954 - March 31, 1955, total about 1,059,000 bales of which 420,000 bales were from the United States.

During the full 1953-54 season the United Kingdom imported 1,790,000 bales of which 413,000 bales were United States cotton. The percentage of the United Kingdom's total cotton imports for the first 8 months of the current season represented by United States cotton is the highest of any during the postwar period. It is reported that one of the causes of this is the financial assistance supplied by some of the banks of the United States.

FRANCE

Imports of cotton into France during the first 8 months of the current crop season are running about 6 percent higher than for a similar period in 1953-54. Total imports were about 972,000 bales, of which 338,000 bales were United States cotton. Most of the cotton receipts from the United States this season were financed by funds made available to France under the Foreign Operations Administration program. Only about 10 million dollars have been allocated by the French Government from regular exchange resources. France is not expected to use all of the Foreign Operations Administration funds allotted to her in this season for purchasing United States cotton because foreign growths have been available at lower prices during the past 2 months.

France imported about 1,383 thousand bales of cotton during the 1953-54 season, of which 480,000 (or 35 percent) came from the United States. The balance came mostly from Egypt, French West Africa and other overseas dependent territories, Brazil, Turkey and Pakistan. During the first 5 months of current season about 33 percent of the French cotton imports came from the United States, 21 percent from Turkey, 19 percent from French Colonies, 12 percent from Egypt, 9 percent from Brazil and Argentina and the balance of 6 percent from Syria, Mexico and several South American countries.

France recently purchased about 46,000 bales of cotton from Turkey at prices considerably under the Turkish domestic prices and will soon purchase about 37,000 additional bales. It is reported that the transactions are being handled by the Turkish Cotton Cooperative for their Government. The French cotton trade report the cotton is selling at as much as 25 percent under the prices being paid by the Turkish spinners.

Due to the uncertainty over world prices of cotton the French will hold cotton stocks to a minimum. The current season imports are expected to be about 1,300,000 bales, or about equal to the anticipated consumption.

Consumption of 777,000 bales in France during the first 7 months, of the 1954-55 season was the highest on record, with the exception of the season 1951-52. If this rate were maintained throughout the season, France's total consumption would run about 1,350,000 bales compared with 1,336,000 last season. However, it is generally felt that the total will be nearer 1.3 million bales mainly because of loss of textile export trade with Indochina and elsewhere. The domestic demand for textiles is considerably higher than last year.

ITALY

The future for United States cotton in Italy depends upon whether United States cotton prices are reasonably competitive and whether ample dollars are available. If Italians were free to purchase United States cotton as needed and United States prices were competitive they would purchase between 500,000 and 600,000 bales per season. Imports of United States cotton during past several years have been almost entirely dependent on the amount of United States aid allocations. Cotton imports in the 1954-55 season will likely be between 50,000 and 100,000 bales larger than last year. Some mills are in bad financial condition and are purchasing the lowest priced cotton available in order to obtain the largest amount of cotton possible for the money spent. Stocks of raw cotton estimated on January 1, 1955, were at a record postwar low and cloth stocks in mills were at a record postwar high. Textile exports were off about 60 percent from the 1948-52 average. There is a slight improvement in domestic demand for textiles. Little change is expected from last season's low consumption rate. Italy imported 117,000 bales of cotton from the United States during the first 6 months of the 1954-55 season, about all of which was covered by United States economic assistance. Imports of cotton from all sources for the period totaled 298,000 bales.

During the current season Italy has received three purchase authorizations under the Foreign Operations Administration totaling \$38,420,000 to purchase United States cotton. This will cover purchases of about 192,000 bales. In addition the Italian Government has allotted \$15,000,000 worth of dollar exchange to purchase 75,000 bales. Very recently Italy received \$36,600,000 under Public Law 480 sufficient to purchase about 183,000 bales for which details have not been announced at this time (May 25, 1955). Financial arrangements have therefore been made for Italy to purchase a total of about 450,000 bales of United States cotton. Whether Italy uses all of the Public Law 480 funds will depend on the prices of United States cotton in relationship with prices of exotic cotton. However, all of the other dollar allocations have been taken up by the mills.

The Italian trade suggests that both United States and Italian allocations be made during the early part of the crop season and remain available until used. They state that only in this way will they be able to plan and make normal purchase as conditions develop. They point out that the current Foreign Operations Administration purchase authorizations of \$15,000,000 became available so late that many mills had already made purchases of exotics, because stocks were running low. They also complain that the last purchase authorization came at a time when prices for United States cotton were higher than those for exotics and when desired qualities of United States cotton were more difficult to secure.

Italy like many other countries, has depended on exports of textiles to keep its mills in full operation. For some time its usual textile export ran about 40 percent of its production but during the last 3 years the percentage has been going steadily downward. During the first 5 months of 1954-55 season, exports have been only about 12½ percent of production. The mills have been meeting the situation by reducing the production of textiles for export and concentrating more on production for home consumption. Since their home markets require lower count yarns, total domestic consumption has not been cut as drastically as have textile exports. In order to keep as many workers occupied as possible they have reduced the number of hours worked per shift. In some instances the number of shifts worked have been reduced and the workers let off have been mostly women who had other members of the family working.

Stocks of textiles in mills have been increased and in order to offset such a situation working stocks of raw cotton were reduced. Details follow:

Stocks of Cotton

Year	Yarns m.t. <u>1/</u>	Cloth m.t. <u>1/</u>	Raw Cotton Bales <u>2/</u>
1949	24,292	27,305	344,000
1950	24,769	23,466	395,000
1951	18,737	34,563	425,000
1952	19,525	32,771	415,000
1953	19,090	30,127	350,000
1954	19,528	34,434	<u>3/</u> 250,000

1/ End of calendar year. 2/ August 1 of year shown.

3/ Stocks February 1, 1955, 147,000 bales.

Some Italian mills are in poor financial condition because they have been unable to collect for textiles sold to Turkey during the latter part of calendar year 1952 and extending up to the last of 1953. An amount of about \$8,000,000 is involved. Many of the mills financed the textile production for the Turkish market through loans secured from local banks at about 8 percent interest and have been unable to liquidate the loans. This has tied up capital and is one of the reasons why the mills of Italy are unable to carry ample working stocks of cotton.

GERMANY

Present indications are that Germany will consume more cotton this season than last. For the first 6 months of the current crop year consumption was running about 4.6 percent larger than for the same period in the previous year. About 37 percent of the cotton consumed was United States cotton compared with about 22 percent for the same months last season. Over-all imports were also about the same as consumption. However, imports are currently being kept low to permit reduction of working stocks to a minimum level because of anticipations of lower priced cotton next season.

Of the total cotton imported during the first 6 months, 33 percent was United States cotton. This compares with 30 percent for the entire 1953-54 season. However, exotics are underselling United States cotton on the Bremen Market and if the current situation continues it is likely the United States will have a smaller share of the German market. Prices of nearly all foreign growths were lower than United States prices and it is reported that the differences are widening as foreign exporters are attempting rapid liquidation of their surpluses.

BELGIUM

Consumption during the first 6 months of this crop year was about 7 percent higher than for the same period last season, but due to the desire by some mills to reduce stocks of yarns and piece goods it is hardly likely that cotton consumption in Belgium this season will be higher than last season.

It is difficult to secure accurate information on stocks of raw cotton on hand in Belgium. Estimates of stocks on hand January 31, 1955, range from 110,000 to about 160,000 bales. Statistics compiled by the office of our Agricultural Attache indicate the higher figure. Practically all of the stocks are held by the spinners. About 17 percent of the stocks are composed of United States cotton.

Imports of cotton during the first 6 months of the 1954-55 season are reported at about 259,000 bales of which about 53,000 bales, or 20.0 percent, were of United States origin. This low volume from the United States is similar to the first part of the 1953-54 season when exotics were underselling United States cotton. Statistics show that during the first 6 months of the 1953-54 season Belgium imported a total of 234,000 bales of which 39,000, or about 17 percent, came from the United States. On May 7 it was reported that exotic growths were being offered as high as 650 points under similar quality United States cotton.

SPAIN

Imports of all cotton in Spain during the period August 1954 through March 1955 totaled about 178,000 bales. This compares with 231,000 bales for a comparable period in 1953-54. Of the imports during this period about 49 percent, or 88,000 bales, were United States cotton. During the previous season 55 percent of all imports were United States cotton. Spain desires to import about 162,000 additional bales of United States cotton during the remainder of the crop season making the total imports from the United States about 250,000 bales. Total imports from other countries are expected to total about 100,000. If these plans are realized, they will bring the season's total imports up to about 350,000 bales of which about 71 percent will be from the United States. This will be the largest import of cotton from the United States since 1945 when Spain imported 509,000 bales of cotton of which 335,000 came from the United States. Spain imported 198,000 bales from the United States during the 1953-54 season out of a total of 348,000 bales.

The reduction of cotton imports by Spain from last season has been made possible by the increased production of cotton in Spain. Domestic production of cotton for the current season is expected to reach about 95,000 bales, compared with 75,000 bales for 1953-54, 65,000 for 1952-53, 30,000 for 1951-52 and 28,000 for 1950-51. During the 5 years 1945-49, cotton production in Spain averaged 18,000 bales.

Spain in the last 2 years has been building up its working stocks of cotton. This has been made possible through United States Export-Import loans and Economic Assistance, increased domestic production, trade agreements and special foreign exchange purchase arrangements.

Spain's goal is to maintain 6 or 7 months' working stocks and they are working toward that end. To be able to house such stocks additional storage space is being provided at the port of Barcelona and some of the earnings from the Government's cotton monopoly program are going into the scheme. The goal is to maintain about 200,000 bales of working stocks which they hope to reach before the end of the coming crop season. Supplies of cotton on hand March 1, 1952, were reported at about 120,000 bales. Based upon the average consumption rate for the first 7 months of the 1954-55 season, stocks on hand March 1, 1955, were sufficient for about 4 months' operation. This compares with August 1, 1954 stocks that were sufficient for 3.7 months' operation and August 1, 1953 stocks sufficient for 1.2 months.

Table 1.--Western Europe: Cotton: Imports, production and consumption ^{1/}

(Bales of 500 pounds gross weight)							
Season beginning August 1	Imports		Domestic produc- tion <u>2/</u>	Imports: plus produc- tion		Consump- tion	Col. 5 percent of Col. 6
	Total	From U. S.					
	1	2		3	4		
	1,000 bales	1,000 bales	percent	1,000 bales	1,000 bales	1,000 bales	percent
1949-50	6,901	3,702	54	95	6,996	6,727	104
1950-51	6,597	2,437	37	165	6,762	7,230	94
1951-52	6,515	3,116	48	185	6,700	6,696	100
1952-53	6,100	2,124	35	208	6,308	6,447	98
1953-54	7,056	2,084	30	249	7,305	7,244	101
1954-55 <u>3/</u>	3,773	1,270	34	307	4,080	4,009	102

^{1/} Includes Austria, Belgium, Denmark, Finland, France, Western Germany, Greece, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. ^{2/} Production in Greece, Italy, and Spain.

^{3/} Through March for Austria, Finland, Portugal, and Switzerland; through February for Denmark, France, Norway, Spain, Sweden, and the United Kingdom; through January for Belgium, Germany, and Italy; through December for the Netherlands; and through September for Greece.

Compiled from official records.

Table 2.—Western Europe: Imports of cotton into specified countries; average 1934-38; crop years 1950-51 thru 1953-54

(Bales of 500 pounds gross weight)					
Country	Year beginning August 1				
	Average	1950	1951	1952	1953
	1934-38				
	1,000	1,000	1,000	1,000	1,000
	bales	bales	bales	bales	bales
Austria.....	1/ 167	100	65	79	95
Belgium.....	1/ 506	454	436	377	464
Denmark.....	1/ 40	51	47	44	43
Finland.....	1/ 63	44	67	63	68
France.....	1/1,218	1,023	1,206	1,284	1,383
West Germany.....	1,175	930	884	1,084	1,264
Greece.....	1/ 18	22	1	1	1
Italy.....	704	978	843	773	744
Netherlands.....	1/ 221	272	244	296	338
Norway.....	1/ 15	23	18	21	25
Portugal.....	1/ 115	146	185	178	197
Spain.....	1/ 452	268	386	306	348
Sweden.....	1/ 150	140	157	124	128
Switzerland.....	134	183	158	154	168
United Kingdom.....	2,850	1,963	1,818	1,316	1,790
Total.....	7,828	6,597	6,515	6,100	7,056

1/ Calendar years only available data.

Compiled from official records.

Table 3.—Western Europe: Imports of cotton into specified countries; for months shown 1953-54 and 1954-55

(Bales of 500 pounds gross weight)					
Country	Months	August 1 through month shown			
		From all sources		From United States	
		1953-54	1954-55	1953-54	1954-55
		1,000	1,000	1,000	1,000
		bales	bales	bales	bales
Austria.....	March	64	65	38	22
Belgium.....	January	234	259	39	53
Denmark.....	February	23	24	12	14
Finland.....	March	42	36	0	3
France.....	March	917	972	278	338
West Germany.....	January	587	632	113	211
Greece.....	September	0	4	0	1/ 4
Italy.....	January	307	298	92	117
Netherlands.....	December	138	129	27	31
Norway.....	February	14	14	11	11
Portugal.....	March	164	162	0	0
Spain.....	March	231	178	128	88
Sweden.....	February	72	94	18	34
Switzerland.....	March	137	140	23	47
United Kingdom ..	March	1,132	1,059	240	420
Total.....		4,062	4,066	1,019	1,393

1/ Brazil and United States. Not reported separately.

Compiled from official records.

Table 4.--Western Europe: Total cotton consumption,
seasons 1938-39, 1950-51 through 1953-54

(Bales of 500 pounds gross weight)

Country	Season				
	1938-39	1950-51	1951-52	1952-53	1953-54
	1,000	1,000	1,000	1,000	1,000
	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>
Austria	180	99	86	76	93
Belgium	321	475	415	375	430
Denmark	37	47	47	44	44
Finland	63	53	58	57	63
France	1,316	1,233	1,241	1,158	1,340
Western Germany	1,150	1,045	964	1,071	1,217
Greece	85	113	110	106	117
Italy	711	985	890	870	875
Netherlands	260	298	265	294	321
Norway	11	23	21	22	23
Portugal	89	163	177	173	193
Spain	140	258	387	377	380
Sweden	157	135	126	120	134
Switzerland	141	168	156	147	163
United Kingdom	2,690	2,135	1,753	1,557	1,851
Total	7,351	7,230	6,696	6,447	7,244

Compiled from official records.

Table 5.--Western Europe: Total cotton consumption,
for months shown, seasons 1953-54 and 1954-55

(Bales of 500 pounds gross weight)

Country	Month	August through months shown		
		1953-54	1954-55	Percent of change
		1,000	1,000	<u>percent</u>
		<u>bales</u>	<u>bales</u>	
Austria	Jan.	46.2	55.2	119.5
Belgium	Jan.	218.5	234.4	107.3
Denmark	Feb.	27.5	26.5	96.4
Finland	Feb.	39.7	37.8	95.2
France	Feb.	765.0	777.0	101.6
Western Germany	Jan.	605.3	633.0	104.6
Greece	Oct.	25.5	26.8	105.1
Italy	Jan.	411.5	400.6	97.4
Netherlands	Jan.	160.4	167.0	104.1
Norway	Jan.	11.7	12.2	104.3
Portugal	Jan.	90.4	108.6	120.1
Spain	Feb.	196.1	212.8	108.5
Sweden	Dec.	60.0	63.3	105.5
Switzerland	Jan.	79.9	88.8	111.1
United Kingdom	Jan.	901.2	935.3	103.8
Total		3,638.9	3,779.3	103.9

Compiled from official records.



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June 14, 1955

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COTTON TEXTILES -- INDIA -- 1954 ^{1/}

SUMMARY

The Indian cotton mill industry set a new record for cloth production in 1954. At 4,988.5 million yards, the output surpassed the First Five Year Plan target by 288.5 million yards, or 6 percent. Handlooms and small powerloom units produced an estimated additional 1,600 million yards. Total cotton consumed in attaining this high level of cloth output amounted to approximately 4.0 million bales (of 500 pounds gross). Despite the virtual removal of quantitative restrictions on cloth imports from non-dollar sources in September, actual imports of cloth continued to be negligible because of the heavy import tariff. Exports of mill cloth, which were permitted freely, were 38 percent above the level of the previous year. This high rate of exports was, however, still 100 million yards short of the official goal of 1,000 million yards. Prices of cloth held steady with satisfactory turnover. At no time during the year did mill inventories exceed 5 to 6 weeks' output.

The Government of India set up a Textile Export Promotion Council with headquarters in Bombay. An agency for the voluntary inspection of cloth prior to export was also established. The import duty on raw cotton was withdrawn in order to stimulate exports of cloth made from imported cotton.

PRODUCTION

Cloth production by Indian mills, which has been steadily increasing in recent years, set a new record in 1954. Totaling an estimated 4,988.5 million yards, output was 2.25 percent larger than the 1953 production of 4,878.6 million yards and 18.0 percent more than the average of the last five years.

Yarn production also reached a new high since partitioning of the country in 1947, totaling 1,562.0 million pounds. This compares with 1,505.0 million pounds produced in 1953 and with the latest five-year average of 1,358.0 million pounds

^{1/} Based primarily on a report submitted by V. Krishnamurthy and E. B. Shearer, American Consulate General, Bombay. Edited by Samuel L. Crockett, Cotton Div.

The principal factors responsible for the high level of mill activity during 1954 were (1) the vast improvement in the supply of cheap cotton following a large domestic cotton crop, (2) continued steady consumer off-take of cloth, (3) near-record exports and (4) continued favorable labor-management relations as reflected in the absence of any major strikes or lockouts.

A breakdown of 1953 and 1954 cloth output according to the locally recognized quality categories is given below:

Table 1. - Mill cloth production

	<u>1953</u>		<u>1954</u>	
	<u>Quantity</u> (Million yds)	<u>Percent</u>	<u>Quantity</u> (Million yds)	<u>Percent</u>
Coarse	598.8	12.3	513.8	10.3
Medium	3,136.5	64.3	3,651.6	73.2
Fine	838.9	17.2	478.9	9.6
Superfine	<u>304.4</u>	<u>6.2</u>	<u>344.2</u>	<u>6.9</u>
Total	4,878.6	100.0	4,988.5	100.0

(Cloth with warp yarn up to 16s is classified as coarse, between 17s and 24s as medium, between 35s and 47s as fine, and 48s and above as superfine.)

The increase over 1953 of 430 million yards in the output of medium and coarse categories, partly offset by a reduction of 320 million yards in fine and superfine cloth is probably indicative of a shift in domestic and export demand in favor of the former categories. In fact, exports of coarse and medium cloth were up by nearly 285 million yards; those of fine and superfine cloth decreased by 65 million yards.

While mill cloth production during the year under review exceeded the 4,700 million-yard target set under the First Five Year Plan for 1955-56, yarn output was 78 million pounds short of the Plan's goal of 1,640 million pounds. This resulted in a smaller supply of yarn for handlooms than envisaged by the Planning Commission.

Powerloom Cloth: Production of cloth by small powerloom units continues to be estimated at 200 million yards, the same as in the previous year.

Handloom Industry: According to official sources, the greater availability of mill yarn (though short of planned supplies) resulted in a larger production of cloth by handloom weavers. Production in this segment of the industry is estimated at 1,400 million yards, as against 1,200 million yards in 1953.

Total cloth output in India during 1954 can thus be estimated at 6,588.5 million yards, 5 percent more than in 1953.

IMPORTS

Cloth: As in 1953, cloth imports continued to be restricted by the government. During the first half of 1954, licenses were denied for imports from the dollar area and imports from other sources were limited to 5 percent of the previous best year's imports. On July 1, this percentage was raised to 6-1/4 percent, but on September 11 the Government of India announced certain relaxations which virtually abolished all quantitative restrictions on cloth imports from non-dollar countries. Imports from dollar sources, however, continue to be prohibited.

Despite the liberalization of cloth imports from non-dollar countries actual imports during 1954 are not believed to have increased over the 4.2 million yards imported in 1953. The high import tariff acts as a brake against any significant increase in imports. Over 80 percent of the 1954 imports are believed to have been from the United Kingdom.

Yarns: Only yarns of counts 80s and above, from non-dollar sources were permitted to be imported; yarn imports of all counts from dollar countries and of counts below 80s from all sources were prohibited. During the 10 months, January through October 1954, a total of 1.7 million pounds was imported, of which 1.6 million pounds came from the United Kingdom. During 1953 imports were 2.1 million pounds, 98 percent of which was supplied by the United Kingdom.

EXPORTS

Cloth: Exports of mill-made cotton piece goods, which continued to be permitted freely, totaled 898 million yards in 1954, according to an export control official in Bombay. Available foreign trade statistics show that 658.8 million yards were exported during the first ten months of the year. Total estimated exports during 1954 were nearly 40 percent larger than in the previous year. This increase is reportedly due to the abolition of the 10 percent export tax, in October 1953, on medium categories (18s to 34s counts) which comprised about 68 percent of total 1954 cloth exports. Coarse cloth continued to be subjected to the 10 percent export tax, despite persistent demands from the trade for its abolition.

Fourteen percent of the 1954 exports went to the United Kingdom, which thus became the largest single foreign buyer of Indian cloth. Other major buyers were British East Africa, Anglo-Egyptian Sudan, British West Africa, Aden, Australia, Burma and the Federation of Malaya which together accounted for 47 percent of total exports (see Table 2).

Exports of handloom cloth continued to be permitted freely. In the first ten months of 1954, according to published statistics a total of 46 million yards was exported. Exports for the entire year are estimated at 56 million yards, against 63.0 million yards in 1953.

Combined exports of mill-made and handloom fabrics during the year under review are thus placed at 954 million yards, one-third more than a year ago. India is believed to have been the world's second largest cloth exporter during 1954, second only to Japan.

Yarn: The export policy of the government with respect to cotton yarn is to establish ad hoc quotas as and when mill inventories become unusually large. No export allocations were made during 1954, but shipments continued practically throughout the year against licenses issued in 1953, which were subsequently extended. During the ten months ended October 31, 1954, yarn exports totaled 7.6 million pounds, nearly all of which was shipped during the first quarter. Total yarn exports during 1954 are estimated at 8 million pounds, compared with 16.2 million pounds a year earlier.

STOCKS

Stocks of unsold cloth with mills fluctuated between 432 and 466 million yards. On December 31, 1954, mill inventories totaled 438 million yards, equivalent to 4-1/2 weeks' production.

MARKET SITUATION AND OUTLOOK

Cloth supplies for domestic consumption were plentiful in 1954. Excluding dealer inventories, for which no data are available, it is estimated that a total of 5,762 million yards of cloth were available for domestic consumption 395 million yards more than in the previous year. As a result, the estimated per capita availability of cloth within the country rose from 14.7 yards in 1953 to 15.6 yards in 1954.

Domestic and export demand for cloth was steady throughout most of the year under review. Despite the high level of output, unsold stocks with mills never exceeded 5 to 6 weeks' production. This was in contrast to the situation in October 1953, when heavy cloth accumulations were straining mill finances to a point which threatened to curtail mill operations. The bumper farm crops harvested in 1954 which increased the buying power of the farm population is believed to have been the major factor in the sustained demand for cloth in the domestic markets.

Cloth prices, as reflected by the wholesale price index compiled by the Economic Adviser to the Government were steady. Fluctuations held within a range of only 5 percent. On an average, cloth prices were 2 percent, and yarn prices 3 percent higher than in 1953.

EXPORT PROMOTION

Sponsored by the Government of India, the Cotton Textiles Export Promotion Council was set up in Bombay in October 1954. Comprised of prominent representatives of the mill industry and textile trade, the Council is charged with responsibility for increasing, maintaining, and promoting exports of cloth and yarn. An officially-sponsored inspection organization was also established to provide facilities for inspection, on a voluntary basis, of mill cloth and yarn offered for export.

With a view to expanding the foreign markets for handloom goods, four marketing officials were appointed by the Central Marketing Organization of the All India Handloom Board in Baghdad, Colombo, Singapore, and Rangoon, traditionally the principal outlets for such goods.

The major problem which continued to confront the cotton textile industry and to attract public attention during 1954 was "rationalization." While the term would ordinarily cover all the stages of manufacture of a particular industry, the Indian textile industry seems to use it as a synonym for the introduction of automatic machines in the winding and weaving departments, in which nearly 75 percent of the machinery was reportedly installed before 1925 and in need of replacement. The industry requested permission of the government to import modern, automatic machinery which would help reduce production costs and make cloth available to the domestic consumer at cheaper prices, and improve the competitive status of Indian textiles in world markets. The proposal was vehemently opposed by labor leaders on the ground that it would give rise to large-scale unemployment, especially when the employment situation in the country was far from satisfactory. A public controversy ensued and the subject was discussed in September 1954 by the Lok Sabha (House of the People) which adopted the following resolution:

"The House is of the opinion that rationalization of the textile and the jute industries, where it is necessary in the country's interest, must be encouraged, but the implementation of such schemes should be so regulated as to cause the least amount of displacement of labor in those industries, providing reasonable facilities for the employment of such displaced labor." The Government of India has not yet announced its policy in regard to this controversial question.

Table 2 - Exports of mill cloth - See next page

Table 2 -- Exports of mill cloth

	<u>1954</u>	<u>1953</u>
	(million yards)	
<u>Country of destination</u>		
United Kingdom	125.19	20.3
British East Africa	96.93	63.9
Anglo Egyptian Sudan	79.72	46.1
British West Africa	70.39	54.0
Aden	68.62	76.9
Australia	55.53	32.5
Federation of Malaya	48.28	63.3
Burma	39.59	89.7
Indonesia	32.69	34.9
Ceylon	27.51	19.2
Ethiopia	31.23	7.2
Afghanistan	24.84	26.8
Persian Gulf Ports	23.58	26.5
Saudi Arabia	18.69	14.0
Pakistan	28.24	0.5
Rhodesia	17.24	9.8
Hongkong	14.55	9.8
Iraq	15.11	9.6
Canada	10.14	9.8
Iran	10.98	2.8
New Zealand	9.01	5.8
Eritrea	7.70	2.2
British West Indies	5.37	5.4
Mauritius	4.24	3.1
Fiji Islands	3.73	2.3
Siam	3.47	1.8
Denmark	2.61	0.8
Cyprus	2.14	2.4
Italian Somaliland	1.94	1.9
British Guiana	1.48	1.8
Madagascar	1.03	0.9
Transjordan	1.07	0.4
United States	0.46	0.2
Other countries	<u>14.42</u>	<u>5.6</u>
Total	897.72	652.2

(Source: Office of the Joint Chief Controller of Exports, Bombay)

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FOREIGN AGRICULTURAL SERVICE
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FC 7-55

July 12, 1955

COTTON PRODUCTION AND PRICING POLICIES OF FOREIGN PRODUCING COUNTRIES 1/

Introduction

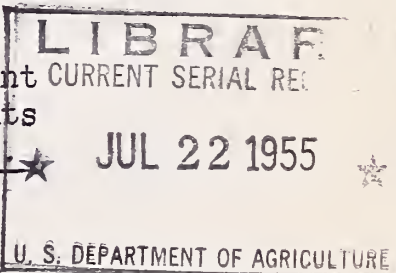
Indications are that nearly all important surplus cotton producing countries, by virtue of their prevalent social and economic structure, can compete effectively with our cotton producers insofar as price is concerned. In addition to this basic fact nearly all of these countries have established governmental policies or programs which are, as circumstances demand, utilized to expedite the exportation of cotton. The following information, regarding prices paid to growers and programs now in effect to expedite the exports of cotton, is cited to give an indication of the cotton production and export policies of certain countries.

Egypt

The Egyptian Government buys the entire cotton crop from the farmers at fixed basic prices which guarantee a fair price to cultivators, considering the conditions that exist in Egypt.

Prices announced for the 1955-56 crop are as follows: (equivalent U.S. cents converted at rate of 35 piasters per \$1.00).

	Tallaris per kantar (99.05 lbs.)	Equivalent U.S. cents per lb.
Ashmouni	55	31.73
Giza 30	59	34.04
Menoufi	61	35.19
Karnak	65	37.50



The cotton is sold by the Government's Cotton Commission at levels above the purchase price which fluctuate according to the New York Cotton Exchange.

1/ Prepared by Samuel L. Crockett, Economist, Cotton Division, Foreign Agricultural Service.

Export incentives.--One of the most effective export devices the Government of Egypt employs is the "Entitlement Account." In brief, this scheme grants a cotton exporter the privilege of selling 75 percent of his foreign exchange earnings on the open market. The remaining 25 percent of such earnings must be converted at the official rate of exchange established by the Bank of Egypt. Because of the great demand for foreign currencies to purchase many types of goods which Egypt needs to import, Egyptian importers are willing to pay a sizeable premium for desired currencies. For example, on June 23, 1955, Entitlement rates for Sterling were quoted at 10-1/8 percent (above the official rate), Dollars 13-1/4 percent, and Deutsche Marks 12-7/16 percent. Earlier in the year rates were considerably above this level, going as high as 17 percent for DMs and 16 percent for Dollars and Sterling. At a premium rate of 12-1/2 percent an Egyptian exporter selling cotton to a German importer for DMs could in effect offer a price concession to such importer of as much as 2-1/2 cents a pound. A cut of 2-1/2 cents a pound on a shipment of Ashmouni would still enable the Egyptian exporter to gain the equivalent of nearly 1/2 cent a pound from the free market sale of 75 percent of the DMs earned from such sale. In addition to this technique, the Government of Egypt levies export taxes, which are discussed below in the section on Export Taxes.

Brazil

This country goes in for the "Export Bonus" technique as a means of expediting the export of agricultural products. In the case of cotton, the bonus applicable to cotton exports has been raised three times in the past 18 months. The prevailing official rate of exchange is 18.36 Cruzeiros per Dollar. The "Export Bonus" currently applicable to cotton sold for Dollars and Sterling amounts to 24.70 Cruzeiros. In other words, the exporter can quote Dollar and Sterling prices that are less than half what they would be if the official rate of exchange were applied without an "Export Bonus."

The current rate for cotton reflects the increase granted on May 4 amounting to 6 Cruzeiros. The previous applicable bonus rate was 18.70 Cruzeiros. The bonus rates applicable to cotton sold for other currencies may vary slightly from that applicable to Dollars and Sterling.

Turkey

In the past 2 years Turkey has moved a large share of its cotton exports by means of bilateral trade arrangements--essentially barter trade. One such transaction, recently concluded with France, involved a sale of about 100,000 bales of cotton. There is no practical way to ascertain the price at which the cotton was exchanged for numerous types of French goods. It is known, however, that Turkey had built up a huge deficit trade account with France and payments on the account had been in arrears for some time. The price of Turkish cotton was considerably above that for other cottons of comparable qualities, therefore, it does

not appear that in the absence of the Turkish arrears account the French would have been willing at this time to enter into an agreement involving such a sizeable quantity of cotton. It has been reported that the Turkish cooperatives sold this cotton to France at a considerable discount from the quoted market price and that the Turkish Government agreed to underwrite the loss sustained by the cooperatives.

Pakistan

In general, Pakistani cotton has been favorably priced over the past several months and, except for a few bilateral trade arrangements, it does not appear that this country has taken any unusual steps to move its cotton into world markets. The cost of production is low enough for this country to move its cotton into international trade even with a sizeable export tax levy. In comparison with the peak year 1952-53, when Pakistan exported about 1.3 million bales, ^{1/} exportable supplies of cotton have been markedly reduced during the last 2 years. Crops have been shorter and domestic consumption has almost doubled.

Overseas Territories of West European Countries

The major areas discussed here are the African Territories of France, the United Kingdom, Belgium, and Portugal.

In all of the Territories the cotton market is highly organized, thanks to public or semipublic bodies. Prices to growers are fair, considering the conditions existing in the respective areas, and are fixed by marketing board authorities or regulated by the local Governments. For example in Uganda, the Chairman of the Lint Marketing and Coffee Industry Board has announced that the price that will be paid to cotton growers for the 1955-56 cotton crop will be the equivalent of 7 U.S. cents per pound for seed cotton. This means an equivalent price of about 21 U.S. cents per pound for lint cotton. This is a preliminary basis for pricing and the price may be raised a cent or two before the end of the season, but at current market prices it can readily be seen that the Marketing Board could sell the Uganda cotton crop if necessary at a considerable price discount. In practice the Board gets the best price obtainable and distributes the earnings over and above the price paid to producers for furthering development work, research, and/or as bonuses to producers. Actually, the Board has built up a sizeable contingency fund that could be used to subsidize the export of cotton if such action became necessary.

In most Territories the Marketing Boards are responsible for storing and marketing the crop; they may or may not have contracts with the cotton industry in the metropolitan countries, but in practice there is an implied contract and most of the cotton produced in these Territories goes to the metropolitan country. For example, all of the cotton produced in Mozambique and Angola is exported to Portugal. So far they have proved capable of marketing the entire production and guaranteeing stable earnings to growers by selling above the price paid to the latter during the boom of 1950-51, and by maintaining prices to the grower despite the fall in world prices since 1952.

^{1/} Bales herein referred to are 500 pounds gross.

Sudan

In the Sudan, the production of cotton is handled in a manner which assures the grower a reasonable price, considering the conditions existing in the Sudan. For the past few years this price has been below the world market price. A government agency controls production and advances money to the growers during the time that the crop is being made. This agency markets the cotton at prices based upon the world market and a portion of the profits is divided among the growers and the balance used for development purposes.

Export Taxes

The following is a listing of some of the countries which apply export taxes to their exports of cotton and the rate of levy currently in effect.

<u>Country</u>	<u>Export tax per pound</u> <u>(Equivalent U.S. cents)</u>
Egypt	(8.77 - on Karnak and other long staple (5.88 - on Ashmouni and all others
Guatemala	2.0.
India	6.64 - on all varieties
Mexico	5.54
Pakistan	(6.93 - on Punjab (4.62 - on Desi
Peru	(7.60 - on Tanguis, Type 3-1/2 (6.27 - on Tanguis, Type 5 (7.12 - on Pima, Type 1
Syria	2.45 as of 9-15-52

The governments of many of the above countries instituted export taxes during the boom that followed World War II. In some instances these taxes were levied to drain off some of the income derived from spiraling commodity prices and thus help to forestall or limit inflation in these countries. Some of the taxes were increased following the precipitous rise in commodity prices that followed the outbreak of the Korean War. In recent years the taxes have been lowered by some of the countries from time to time. Although some of these governments derive a considerable portion of their central governmental revenues from export taxes on cotton, it is considered probable that almost all of the countries could reduce or eliminate the tax on cotton exports if it were necessary. Also, some of the countries consider that they must export their cotton in order to generate foreign exchange to pay for needed imports. Another fact influencing the export of cotton by such countries is the shortage of financing

that would be required to hold the cotton for any extended period. In some cases, a shortage of storage facilities would also be a factor motivating expeditious movement of cotton into the export market.

National Policies

In some countries, production and export policies for cotton are influenced by nationalistic desires which have little if any relation to economic considerations. Some countries desire to attain self-sufficiency in the production of cotton to the extent possible and will continue to produce some cotton whether it is economic or not. Other countries are trying to expand the production of cotton in order to be assured of exports sufficient to generate the foreign exchange needed for necessary imports. Others are interested in becoming self-sufficient in cotton for national security reasons, or because of national pride. When nationalistic considerations govern policies regarding the production and export of cotton, it is doubtful if the international price of cotton can influence such policies to any significant degree.



FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D. C.

FC 8-55

August 3, 1955

DEC 23 1955
U.S. DEPARTMENT OF AGRICULTURE
ROBERT C. SHERMAN APPOINTED DIRECTOR OF
FOREIGN AGRICULTURAL SERVICE'S
COTTON DIVISION

Gwynn Garnett, Administrator of the Foreign Agricultural Service of the U.S. Department of Agriculture, has announced the appointment of Robert C. Sherman as Director of the Cotton Division of the Foreign Agricultural Service.

Carl C. Campbell, who has been Acting Director of the Division since the retirement of Dr. A. W. Palmer on December 31 of last year, will continue with FAS until September 1 when he will become Assistant Director of the National Cotton Council's Foreign Trade Division.

Mr. Sherman has been a career employee of the Department of Agriculture continuously since 1931. He was born and reared on a cotton farm in Georgia. Before coming with the Department, he was in charge of several large cotton farms, bought and sold cotton, and operated a cotton warehouse. He was also cashier of a national bank in a cotton-producing area for a number of years, during which period he made loans principally to cotton farmers for the purpose of growing, harvesting, and marketing their crops.

From 1931 to 1939, Mr. Sherman traveled for the Department in the Southeastern States in the administration of the United States Warehouse Act. His work consisted principally of the inspection and supervision of federally licensed cotton warehouses and compresses. He came to Washington in 1939 and was responsible for the cotton work under the U.S. Warehouse Act until 1948, when he transferred to the Cotton Branch of the old Production and Marketing Administration. He left the Cotton Branch in 1950 on a special assignment as a cotton commodity specialist in handling the cotton export program following the outbreak of the Korean War. When this work was completed, he became Assistant to the Director of the Cotton Branch. Following the reorganization in 1953, he continued his work as Assistant to the Director, Cotton Division, Commodity Stabilization Service, from which position he transferred to his present duties.

Mr. Sherman fought in the Rainbow Division in the First World War, was gassed and wounded at Chateau Thiery.



FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D. C.

FC 9-55

DEC 23 1955

November 2, 1955

WORLD COTTON PRODUCTION EXCEEDS PREVIOUS RECORD.

World cotton production in 1955-56, tentatively estimated at 39.8 million bales (of 500 pounds gross weight), is a new record high. The present prospect is 1.4 million bales or 4 percent higher than the revised estimate of 38.4 million produced in 1954-55. Increased acreage in nearly all countries outside the United States is the principal cause for higher world production, but a definite uptrend in yields per acre exists in nearly all countries including the United States. Higher yields may be attributed to expansion of irrigation systems, greater mechanization, heavier applications of fertilizer, and improvements in insect controls and cultural practices.

Production in the United States is up by 232,000 bales (October estimate) despite a reduction of 2.7 million acres in harvested area under the official acreage-control program. Average yield, estimated at 405 pounds of lint per harvested acre for 1955-56, is 19 percent higher than the previous record of 341 pounds reported last year. United States production this year represented 35 percent of the world total compared with 41 percent for the 5-year prewar average.

In the non-Communist foreign countries, cotton production continued a sharp upward trend to a new record level of 16.7 million bales in 1955-56. This is 1.0 million bales higher than that of a year ago and 2.9 million or 21 percent higher than in 1953-54. An acreage increase of only 8 percent, from 39.4 million acres in 1953-54 to 42.6 million in 1955-56, indicates the significant improvement in average yields. Further increases in production are planned in most foreign countries but major emphasis appears to be given to achieving higher yields rather than acreage increases, except where new irrigation systems are being developed.

In addition to improved facilities and methods (mentioned above) for growing cotton in foreign countries, another factor encouraging cotton expansion in recent years has been the ratio of cotton prices to those for food crops. The principal cotton growing countries generally are net importers of food grains. The soil and climate in most of them are not suitable for low-cost production of grain. Large supplies of food grains brought about declining world prices while cotton prices during the 3 years prior to 1955 were stabilized at or above the United States support level. Foreign governments have been encouraged to place more emphasis on increasing cotton production for export while permitting larger imports of grain for domestic needs.

SOUTH AMERICA										
Argentina.....	770:	962:	1,350:	1,350:	-	289:	427:	635:	530:	-
Brazil.....	5,562:	4,520:	4,000:	4,500:	-	1,956:	1,352:	1,465:	1,630:	-
Colombia.....	98:	-	200:	230:	-	23:	27:	92:	122:	130
Ecuador.....	40:	41:	36:	36:	-	13:	11:	12:	12:	15
Paraguay.....	111:	123:	150:	173:	-	40:	47:	62:	57:	-
Peru.....	428:	345:	531:	540:	540:	379:	308:	475:	510:	495
Venezuela.....	50:	-	30:	40:	-	11:	11:	13:	14:	9
Total 4/.....	7,060:	6,177:	6,302:	6,875:	7,376:	2,711:	2,184:	2,756:	2,877:	3,056
AFRICA AND OCEANIA										
Anglo-Egyptian Sudan.....	439:	371:	652:	685:	-	248:	246:	400:	407:	-
Belgian Congo.....	874:	745:	900:	850:	-	172:	195:	240:	225:	-
Kenya.....	-	51:	87:	95:	-	13:	6:	14:	13:	-
Nyasaland.....	84:	-	85:	-	-	12:	8:	9:	9:	-
Tanganyika.....	-	-	190:	250:	-	50:	38:	42:	82:	75
Uganda.....	1,477:	1,324:	1,611:	1,728:	-	281:	227:	331:	250:	-
Canary Islands.....	-	2:	5:	-	-	-	1:	3:	-	-
Egypt.....	1,821:	1,367:	1,375:	1,639:	1,885:	1,893:	1,456:	1,461:	1,598:	1,806
French Equatorial Africa.....	390:	-	625:	700:	-	41:	104:	130:	150:	-
French North Africa.....	1:	5:	28:	30:	-	8/	2:	15:	15:	-
French West Africa.....	-	-	-	-	-	28:	14:	28:	30:	-
Mozambique.....	-	557:	700:	710:	-	33:	104:	145:	140:	150
Nigeria.....	-	-	400:	-	-	36:	48:	135:	170:	180
Angola.....	73:	-	120:	120:	-	13:	24:	29:	30:	25
Southern Rhodesia.....	2:	5:	10:	-	-	8/	2:	3:	2:	-
Union of South Africa.....	-	12:	60:	90:	-	2:	3:	20:	26:	-
Australia.....	53:	5:	9:	13:	-	11:	1:	4:	4:	-
Total 4/.....	6,176:	5,710:	7,095:	7,654:	7,953:	2,840:	2,483:	3,017:	3,167:	3,437
World total 4/.....	81,142:	60,325:	80,360:	78,330:	79,130:	31,689:	25,687:	39,080:	38,410:	39,850

1/ Years refer to crop years, beginning August 1, in which major portion of crop was harvested. 2/ Production in bales of 478 pounds net prior to 1946 and 480 pounds thereafter. 3/ Preliminary. 4/ Includes estimates for minor-producing countries not listed above and allowances for other figures not available. 5/ Figures for 1943 to date are not comparable with prewar figures because of boundary changes. 6/ Pakistan included with India. 7/ South Korea only, after 1941. 8/ Less than 500. 9/ Exports.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics, reports of United States Agricultural Attaches and other United States representatives abroad and results of office research.

The greatest increases (percentagewise) in foreign cotton production in recent years have been in Mexico, where large new areas of former desert land have been brought under irrigation, and in Central America, where increased acreage was achieved by plowing up pastureland and clearing of former jungle areas. Yield per acre in both cases has been nearly doubled in the past 10 years.

In the countries of the Near East, especially Turkey, Syria, and Iran, important cotton-production increases are attributed mainly to new irrigation systems, increased acreage (formerly pasture and desert), better insect control, and mechanization. Production in Egypt and India has nearly doubled in the past 10 years but the 1955 crops vary only slightly from the prewar averages. Many of the minor cotton growing countries of the world have more than doubled their cotton production in the past 5 years. Nigeria is undertaking a resettlement and land-clearing program in sparsely inhabited areas that is intended to raise cotton production from the current level of 180,000 bales to about 700,000 in a few years.

Information available from the Communist countries is incomplete, but it is evident that cotton production in those countries, mostly China and the Soviet Union, also has been rising in recent years. Production in this group of countries is estimated at 9.2 million bales in 1955-56 compared with 9.0 million a year ago. China has almost reached self-sufficiency in cotton production and the Soviet Union is exporting between 1.25 and 1.5 million bales a year, mostly to Communist countries in Eastern Europe.

Production goals and long-range private estimates available from foreign sources indicate that foreign cotton production is expected to continue the upward trend but at a slower rate. However, the sharp decline in prices of foreign-grown cotton since the early months of 1955 and rising prices of locally grown food commodities other than grain may result in a leveling-off of cotton acreage except where new areas are being opened to irrigation.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Foreign Agricultural Service Committee on Foreign Crop and Livestock Statistics. It is based in part upon reports of U.S. Agricultural Attaches and other FAS representatives abroad.

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FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D. C.

DEC 23 1955

FC 9-55

November 2, 1955

U. S. DEPARTMENT OF AGRICULTURE

WORLD COTTON PRODUCTION EXCEEDS PREVIOUS RECORD.

World cotton production in 1955-56, tentatively estimated at 39.8 million bales (of 500 pounds gross weight), is a new record high. The present prospect is 1.4 million bales or 4 percent higher than the revised estimate of 38.4 million produced in 1954-55. Increased acreage in nearly all countries outside the United States is the principal cause for higher world production, but a definite uptrend in yields per acre exists in nearly all countries including the United States. Higher yields may be attributed to expansion of irrigation systems, greater mechanization, heavier applications of fertilizer, and improvements in insect controls and cultural practices.

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In the non-Communist foreign countries, cotton production continued a sharp upward trend to a new record level of 16.7 million bales in 1955-56. This is 1.0 million bales higher than that of a year ago and 2.9 million or 21 percent higher than in 1953-54. An acreage increase of only 8 percent, from 39.4 million acres in 1953-54 to 42.6 million in 1955-56, indicates the significant improvement in average yields. Further increases in production are planned in most foreign countries but major emphasis appears to be given to achieving higher yields rather than acreage increases, except where new irrigation systems are being developed.

In addition to improved facilities and methods (mentioned above) for growing cotton in foreign countries, another factor encouraging cotton expansion in recent years has been the ratio of cotton prices to those for food crops. The principal cotton growing countries generally are net importers of food grains. The soil and climate in most of them are not suitable for low-cost production of grain. Large supplies of food grains brought about declining world prices while cotton prices during the 3 years prior to 1955 were stabilized at or above the United States support level. Foreign governments have been encouraged to place more emphasis on increasing cotton production for export while permitting larger imports of grain for domestic needs.

COTTON: Acreage and production in specified areas, averages 1935-39 and 1945-49, annual 1953-55 1/

Continent and country	Acreage					Production 2/				
	Average		1953	Average		1953				
	1935-39	1945-49		1935-39	1945-49					
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
	acres	acres	acres	acres	acres	acres	acres	acres	bales	
NORTH AMERICA										
El Salvador.....	9:	35:	54:	73:	110:	5:	21:	57:	90:	
Guatemala.....	-	8:	27:	40:	60:	2:	5:	27:	40:	
Mexico.....	725:	1,034:	1,860:	1,820:	2,685:	334:	577:	1,210:	1,780:	
Nicaragua.....	9:	11:	100:	190:	250:	5:	7:	109:	205:	
United States.....	27,788:	21,258:	24,341:	19,251:	16,514:	13,149:	12,104:	16,465:	13,696:	
British West Indies.....	20:	12:	13:	-	-	5:	4:	3:	-	
Haiti.....	-	37:	40:	50:	-	22:	10:	7:	8:	
Total 4/.....	28,642:	22,403:	26,442:	21,444:	19,690:	13,523:	12,730:	17,881:	15,825:	
EUROPE										
Bulgaria 5/.....	85:	82:	-	-	-	35:	20:	-	-	
Greece.....	168:	111:	220:	270:	415:	76:	52:	139:	190:	
Italy.....	56:	40:	124:	125:	-	21:	11:	35:	37:	
Rumania 5/.....	8:	102:	-	-	-	2:	-	-	-	
Spain.....	46:	130:	217:	267:	435:	10:	18:	82:	95:	
Yugoslavia.....	8:	-	18:	29:	35:	3:	-	5:	7:	
Total 4/.....	372:	511:	964:	1,086:	1,410:	147:	127:	366:	444:	
U.S.S.R. (Europe and Asia)...	5,087:	3,697:	-	-	-	3,430:	2,328:	-	-	
ASIA										
Aden.....	-	-	22:	41:	-	-	-	18:	18:	
Cyprus.....	11:	5:	13:	13:	-	3:	1:	3:	3:	
Iran.....	453:	239:	555:	620:	800:	171:	85:	240:	275:	
Iraq.....	53:	22:	51:	100:	100:	11:	5:	17:	31:	
Syria.....	85:	59:	370:	463:	500:	28:	32:	220:	365:	
Turkey.....	667:	645:	1,495:	1,440:	1,480:	249:	268:	638:	650:	
Afghanistan.....	-	-	100:	150:	-	49:	16:	60:	90:	
Burma.....	428:	178:	400:	400:	-	97:	32:	95:	85:	
China (incl. Manchuria)...	7,038:	5,831:	10,200:	9,600:	-	2,855:	1,939:	3,200:	3,100:	
French Indochina.....	36:	-	-	-	-	6:	2:	-	-	
India.....	6/ 24,204:	11,306:	17,027:	18,350:	19,000:6/	5,348:	2,304:	3,730:	4,250:	
Korea 7/.....	564:	344:	250:	250:	-	198:	89:	75:	75:	
Indonesia.....	27:	-	-	-	-	9:	4:	2:	6:	
Pakistan.....	6/ :	2,965:	2,930:	3,185:	3,100:	6/ :	1,024:	1,215:	1,300:	
Thailand.....	16:	84:	100:	100:	-	7:	26:	39:	39:	
Total 4/.....	33,805:	21,827:	33,557:	34,771:	36,201:	9,038:	5,835:	9,560:	10,297:	

The greatest increases (percentagewise) in foreign cotton production in recent years have been in Mexico, where large new areas of former desert land have been brought under irrigation, and in Central America, where increased acreage was achieved by plowing up pastureland and clearing of former jungle areas. Yield per acre in both cases has been nearly doubled in the past 10 years.

In the countries of the Near East, especially Turkey, Syria, and Iran, important cotton-production increases are attributed mainly to new irrigation systems, increased acreage (formerly pasture and desert), better insect control, and mechanization. Production in Egypt and India has nearly doubled in the past 10 years but the 1955 crops vary only slightly from the prewar averages. Many of the minor cotton growing countries of the world have more than doubled their cotton production in the past 5 years. Nigeria is undertaking a resettlement and land-clearing program in sparsely inhabited areas that is intended to raise cotton production from the current level of 180,000 bales to about 700,000 in a few years.

Information available from the Communist countries is incomplete, but it is evident that cotton production in those countries, mostly China and the Soviet Union, also has been rising in recent years. Production in this group of countries is estimated at 9.2 million bales in 1955-56 compared with 9.0 million a year ago. China has almost reached self-sufficiency in cotton production and the Soviet Union is exporting between 1.25 and 1.5 million bales a year, mostly to Communist countries in Eastern Europe.

Production goals and long-range private estimates available from foreign sources indicate that foreign cotton production is expected to continue the upward trend but at a slower rate. However, the sharp decline in prices of foreign-grown cotton since the early months of 1955 and rising prices of locally grown food commodities other than grain may result in a leveling-off of cotton acreage except where new areas are being opened to irrigation.

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DEC 23 1955

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November 16, 1955

U. S. DEPARTMENT OF AGRICULTURE
WORLD COTTON SUPPLY AND DEMAND

The world cotton supply and demand situation in 1954-55 was featured by a new record supply of 58.5 million bales ¹/₂, near record production of 38.3 million, record consumption of 36.6 million, and a decline of about 1 million bales in world trade. World production exceeded world disappearance (consumption plus destroyed) by 1.4 million bales, and world stocks were increased by that amount.

World supply for the 1955-56 season, based on preliminary production and stock figures, is estimated at 62.2 million bales or 3.7 million above that of a year ago. Assuming that last year's high level of disappearance will be maintained, there would be a further increase in world stocks by the end of the season to approximately 25.4 million bales.

In 1954-55, the excess in foreign countries of cotton disappearance over production amounted to about 3.3 million bales and apparently has narrowed to little more than 2.0 million for 1955-56 (see chart on page 8). This excess of foreign disappearance plus or minus any changes in total cotton stocks abroad usually represents approximate export demand for United States cotton in years when foreign cotton is underselling United States cotton by wide margins as in recent months. The effectiveness of United States export programs now in operation is limited by the disparity, now ranging as high as 6 cents a pound, between prices of most foreign growths and United States prices.

Production

World production in 1955-56, tentatively estimated at 40.5 million bales, is up 6 percent from last year's 38.3 million bales and is the highest estimate on record. The 1955-56 estimate exceeds last year's world disappearance (consumption plus destroyed) estimate by 3.7 million bales. This indicates a prospective increase of that amount in world stocks by the end of the current season. This calculation assumes that there will be no substantial change in world consumption this year.

United States production is up this year by 1.0 million bales (7.5 percent) despite an acreage restriction program that reduced the harvested area by 2.7 million acres, or 14 percent, from that of a year ago. The

¹/₂ All figures for United States cotton included in this report are in running bales. All others are in bales of 500 pounds gross weight.

increase in production is attributed to a record yield of 431 pounds per harvested acre (November estimate). However, the crop of 14.6 million bales is 1.7 million less than in 1953-54, the last year of unrestricted acreage and 3.6 million less than the record crop of 1937-38.

Production in foreign countries has increased every year since the end of World War II, rising from 11.6 million bales in 1945-46 to a current level estimated at 25.9 million (see chart on page 9). The greatest increases occurred in the 5 years following the outbreak of war in Korea, when uncontrolled cotton prices in foreign countries rose (in 1950-51) to nearly triple the present level. Sharp increases in production have occurred in nearly all foreign countries where cotton cultivation is possible.

In the past 2 years, the greatest increases were in non-Communist foreign countries, where production rose by 21 percent from 13.8 million bales in 1953-54 to 16.7 million in 1955-56. An increase of only 15 percent in acreage (see chart on page 10) during these 2 years indicates a substantial improvement in average yields per acre. The factors contributing most to the larger production abroad are new irrigation systems (especially in Mexico, Turkey, and other Near-Eastern countries), mechanization, greater use of insecticides, fertilizer and improved seed, and general adoption of improved methods of cultivation. Further increases in production are planned in most foreign cotton growing countries but with special emphasis on achieving higher yields rather than on increasing acreage.

Consumption

World consumption of cotton in 1954-55 established a record high of 36.6 million bales, an increase of 0.8 million over the revised estimate for 1953-54. Totals by continents show that 400,000 bales of the increase (1954-55 over 1953-54) occurred in North America and 100,000 each in Asia, Europe, South America, and the Soviet Union.

Totals for net exporting countries and net importing countries, shown separately, reveal a total increase of 900,000 bales for exporting countries (including 260,000 for the United States) while the total for the importing countries decreased by 100,000 bales.

Monthly consumption figures available for 23 foreign countries show declines of 5 to 10 percent in most major-consuming countries since March or April 1955. The principal exceptions are India, Canada, and the Netherlands. The general decline is attributed partly to overproduction of textiles a year ago, but mainly to a policy of reducing yarn and textile production and stocks during recent months of declining cotton prices and to uncertainties regarding probable price trends in 1955-56.

Trade

World exports of cotton declined to 12.1 million bales in 1954-55 from 13.1 million in 1953-54. The greatest decreases were in exports from the United States of 300,000 bales (see chart on page 11), Pakistan nearly

300,000, Egypt 400,000, Brazil 400,000, Turkey 125,000, Argentina 100,000, and the Anglo-Egyptian Sudan 100,000. Increases of nearly 400,000 bales were reported in exports from Mexico, 140,000 from Syria, the Soviet Union 200,000 (estimated), and India 100,000.

The decline in world exports as a whole may be attributed mainly to a policy of hand-to-mouth buying and further reduction of stocks on the part of foreign importers and mills. Declining prices of most foreign growths and uncertainty regarding price outlook for 1955-56, especially in the United States, Brazil, and Egypt, also tended to discourage buying for import. Another contributing factor was the downtrend in mill consumption in many major-consuming countries during the last 3 or 4 months of the season. Reduction in supplies available for export was also a contributing factor in Brazil, Pakistan, and Turkey, where increases in local consumption have been as great or greater than production increases.

Stocks

World cotton stocks rose from 20.2 million bales on August 1, 1954, to 21.7 million a year later, an increase of 1.5 million bales. Stocks in the United States on August 1, 1955, reported at 11.1 million bales, were up by 1.4 million, while stocks in non-Communist foreign exporting countries were up by 200,000. Changes in stocks, estimated for the Communist countries as a group and for non-Communist importing countries as a group, were insignificant.

The principal increases in foreign stocks were in India 400,000 bales, Peru 75,000, Egypt 155,000, and the Anglo-Egyptian Sudan 100,000. None of these countries are exporting cotton that is directly competitive with American Upland except for limited competition from Egyptian cotton (Ashmouni variety). Most of the other countries of the world, both exporting and importing, have reduced their stocks (apparently by about 550,000 bales) to a relatively low level, offsetting the greater part of the increases listed above. Most of the cotton produced or consumed in these foreign non-Communist countries (excepting the 4 listed above) is of American-Upland type.

On the basis of the above figures, it appears that stocks of American-Upland-type cotton in non-Communist foreign countries were reduced during the past year by around 500,000 bales. The countries where the greatest reductions in Upland-type stocks occurred are Brazil, United Kingdom, and Japan.

Price Competition

Most foreign growths (Upland types) of cotton are currently being quoted on European markets as much as 6 cents a pound lower than those for similar qualities of United States cotton. On February 3, 1955, quotations from British sources showed these prices ranging from 0 to 2.5 cents below those for United States cotton.

(Continued on page 6)

Table I.--COTTON: Supply and demand, principal exporting countries, 1954-55

(Thousand bales of 500 pounds gross)

Country	Beginning stocks 1/	Production	Imports	Total supply	Consumption	Destroyed 2/	Exports	Ending stocks 1/	Total distri- bution
Mexico (July-June).....	80	1,780	1	1,861	420	5	1,276	160	1,861
Nicaragua.....	10	205	-	215	5	5	110	95	215
El Salvador.....	13	90	-	103	13	-	40	50	103
Guatemala.....	9	40	-	49	12	-	30	7	49
Argentina.....	425	530	10	965	463	2	125	375	965
Brazil.....	1,200	1,630	-	2,830	965	15	1,020	830	2,830
Paraguay.....	20	57	-	77	15	-	42	20	77
Peru.....	265	510	-	775	80	25	330	340	775
Other Western Hemisphere.....	5	14	2	21	6	-	10	5	21
Anglo-Egyptian Sudan.....	200	407	-	607	5	4	298	300	607
Belgian Congo.....	75	225	-	300	45	-	180	75	300
British East Africa.....	50	354	-	404	1	-	353	50	404
Egypt.....	485	1,598	-	2,083	360	2	1,081	640	2,083
French Africa.....	108	195	13	316	27	-	192	97	316
Nigeria.....	25	170	-	195	15	-	140	40	195
Portuguese Africa.....	50	170	-	220	8	-	167	45	220
Other Africa.....	1	12	-	13	-	-	12	1	13
Afghanistan.....	7	90	-	97	20	2	35	40	97
Burma.....	13	85	1	99	13	-	60	26	99
Iran.....	20	275	-	295	73	-	207	15	295
Pakistan.....	260	1,300	3	1,563	660	34	634	235	1,563
Syria.....	7	365	-	372	36	-	322	14	372
Turkey.....	125	650	-	775	375	-	250	150	775
Other Asia.....	3	51	-	54	16	-	30	8	54
Greece.....	16	190	8	214	112	-	68	34	214
Foreign Free World.....	3,472	10,993	38	14,503	3,745	94	7,012	3,652	14,503
United States 3/.....	9,728	13,589 4/	147	23,464	8,835	62	3,446	11,121	23,464
Communist areas 5/.....	850	5,800	75	6,725	4,400	25	1,400	900	6,725
Total exporting countries.....	14,050	30,382	260	44,692	16,980	181	11,858	15,673	44,692
Total importing countries.....	5,726	7,918	12,017	25,661	19,660	48	250	5,703	25,661
Afloat.....	450			450				300	300
World total.....	20,226	38,300	12,277	70,803	36,640	229	12,108	21,676	70,653

1/ Estimated for Southern Hemisphere countries include unginned cotton. 2/ Includes figures for adjusting balance sheet.

3/ Running bales. 4/ Excludes reexports. 5/ Estimates based on incomplete data.

Compiled from records of Cotton Division, Foreign Agricultural Service.

Table II.--COTTON: Supply and demand, principal importing countries, 1954-55

(Thousand bales of 500 pounds gross)										
Country	Beginning stocks 1/	Production	Imports	Total supply	Consumption	Destroyed 2/	Exports and/or reexports	Ending stocks 1/	Total distribution	
Canada.....	39	-	358	397	355	-	-	42	397	
Chile.....	11	-	92	103	98	-	-	5	103	
Colombia.....	53	122	15	190	150	-	-	40	190	
Cuba.....	7	-	32	39	32	-	-	7	39	
Uruguay.....	28	1	32	61	37	-	-	24	61	
Other Western Hemisphere.....	12	27	20	59	48	-	-	11	59	
Austria.....	31	-	96	127	107	-	-	20	127	
Belgium.....	126	-	451	577	425	12	-	140	577	
Denmark.....	9	-	38	47	40	-	-	7	47	
Finland.....	29	-	62	91	61	-	5	25	91	
France.....	330	-	1,334	1,664	1,263	11	-	390	1,664	
Federal Republic of Germany.....	260	-	1,211	1,471	1,241	-	-	230	1,471	
Italy.....	260	37	655	952	800	-	-	152	952	
Netherlands.....	70	-	342	412	331	-	-	81	412	
Norway.....	5	-	24	29	23	-	-	6	29	
Portugal.....	42	-	211	253	214	-	-	39	253	
Spain.....	110	95	330	535	390	-	-	145	535	
Sweden.....	103	-	134	237	135	-	-	102	237	
Switzerland.....	100	-	171	271	173	-	-	98	271	
United Kingdom.....	875	-	1,489	2,364	1,760	19	15	570	2,364	
Yugoslavia.....	9	7	184	200	150	-	-	50	200	
Other Europe.....	2	-	12	14	12	-	-	2	14	
Australia.....	25	4	87	116	89	-	-	27	116	
French Indochina.....	2	2	3	7	5	-	-	2	7	
Formosa.....	31	2	132	165	130	-	-	35	165	
Hong Kong.....	45	-	220	265	218	2	-	45	265	
India.....	1,800	4,250	493	6,543	4,110	4	219	2,210	6,543	
Israel.....	6	3	28	37	28	-	3	6	37	
Japan.....	520	-	2,040	2,560	2,135	-	-	425	2,560	
Korea.....	23	75	180	278	220	-	-	58	278	
Philippines, Republic of.....	3	-	6	9	8	-	-	1	9	
Other Asia.....	17	46	44	107	88	-	5	14	107	
Ethiopia.....	3	4	11	18	14	-	-	4	18	
Southern Rhodesia.....	3	2	3	8	5	-	-	3	8	
Union of South Africa.....	12	26	17	55	40	-	3	12	55	
Foreign Free World.....	5,001	4,703	10,557	20,261	14,935	48	250	5,028	20,261	
Communist areas 3/.....	725	3,215	1,460	5,400	4,725	-	-	675	5,400	
Total importing countries.....	5,726	7,918	12,017	25,661	19,660	48	250	5,703	25,661	
Foreign Free World(all countries):	8,473	15,696	10,595	34,764	18,680	142	7,262	8,680	34,764	

1/ Estimates for Southern Hemisphere countries include unginned cotton. 2/ Includes figures for adjusting balance sheet.

3/ Estimates based on incomplete data or records for earlier years.

Compiled from records of Cotton Division, Foreign Agricultural Service.

Prices of most foreign growths began to weaken early in 1955, partly on the basis of anticipation that new United States export programs would be initiated to include cotton at reduced prices. Other factors that tended to depress cotton prices since that time were near record stocks in the United States, early evidence of increasing 1955 crops in most major-producing countries, some excessive stocks of yarns and textiles in cotton importing countries, and weakening demand on textile export markets. These factors encouraged mill operators to reduce their output, liquidate excess inventories of yarns, textiles, and cotton, and go on a hand-to-mouth basis for cotton buying.

The current low level of foreign cotton prices has little relationship to quotations for United States cotton. Instead, it reflects growing export competition among foreign growths, quantities of which now available for export are about 1 million bales greater than in 1954-55. The sharp decline in prices of foreign growths in 1955 also reflects the efforts of foreign exporters to liquidate their holdings faster than usual in anticipation of possible reductions in export prices of United States cotton.

Synthetic Fiber Competition

World production of synthetic fibers in calendar year 1954 reached the equivalent of 11.7 million bales of cotton and on the basis of incomplete data received in recent months the total for 1955 is expected to exceed the equivalent of 13.0 million bales. Expected production in 1955 is more than 55 percent greater than production in 1950 which was equivalent to 8.6 million bales. The bulk of increased synthetic fiber production has occurred in the rayon staple fiber category which may be substituted for cotton and can be mixed with cotton in spinning. World capacity by the end of the year 1956 is expected to exceed the equivalent of 17 million bales of cotton as compared to a capacity of 15.8 million bales in March of 1955. Practically all of the expansion in the total production of synthetic fibers that took place during the 1950-54 period was outside the United States. However, in 1955, production in the United States is expected to be substantially greater than the record of 1,499 million pounds reported for 1951 and 1953. The increase in foreign synthetic fiber production during 1950-54 was the equivalent of about 3 million bales of cotton and probably has had an adverse effect on market outlets for United States cotton.

Foreign produced rayon staple fiber has a greater price advantage in the foreign fiber market than it has in the United States. On a net basis (i.e., after allowance for waste in cotton), prices of rayon staple fiber in some of the low-cost producing countries, such as the United Kingdom and Japan, are 25 to 40 percent below the landed cost of United States cotton, using quotations for SLM 7/8 inch to SM 1-1/16 inch in those countries for comparison. In most Western European countries the price advantage of rayon staple fiber over cotton ranges from 15 to 30 percent. Even with the price advantage of rayon staple fiber, total foreign cotton consumption has increased, primarily because of strong consumer preference for cotton textiles, and the increase in the total consumption of all fibers.

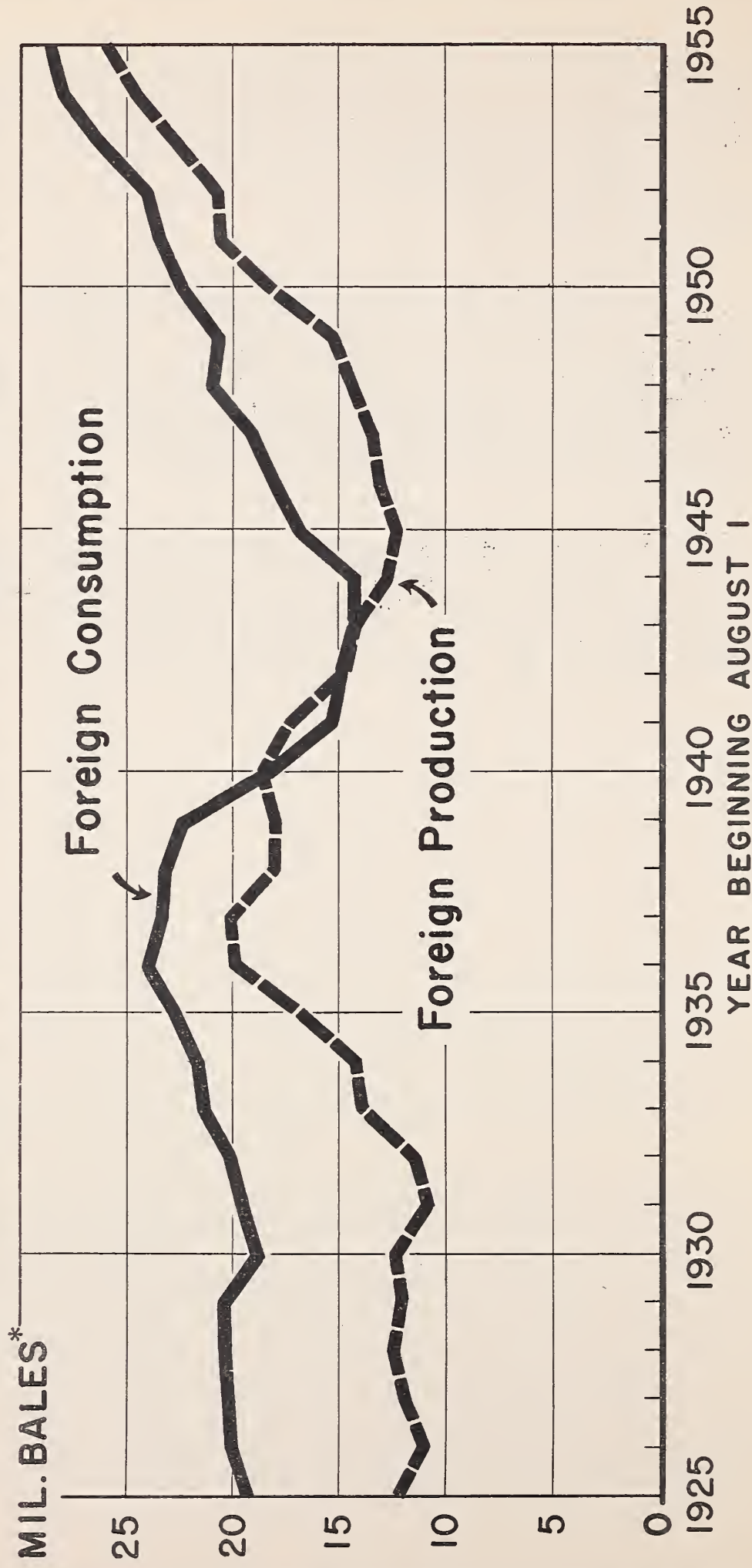
Outlook

World production of cotton has exceeded world consumption every year since 1950-51, and present crop estimates indicate that 1955-56 world production may exceed anticipated world disappearance by about 2.8 million bales. On this basis, world stocks, estimated at 21.7 million bales on August 1, 1955, may be expected to be higher by about 2.8 million bales at the end of next July.

At the beginning of the current season, stocks in most importing countries (India excepted) were at or near minimum requirement levels and in exporting countries they were moderately low. Rebuilding of inventories in foreign importing countries, together with a continued high level of consumption, can be expected as soon as confidence in existing price levels are restored. However, complete restoration of confidence in the world price structure is unlikely as long as world production continues to outrun world consumption.

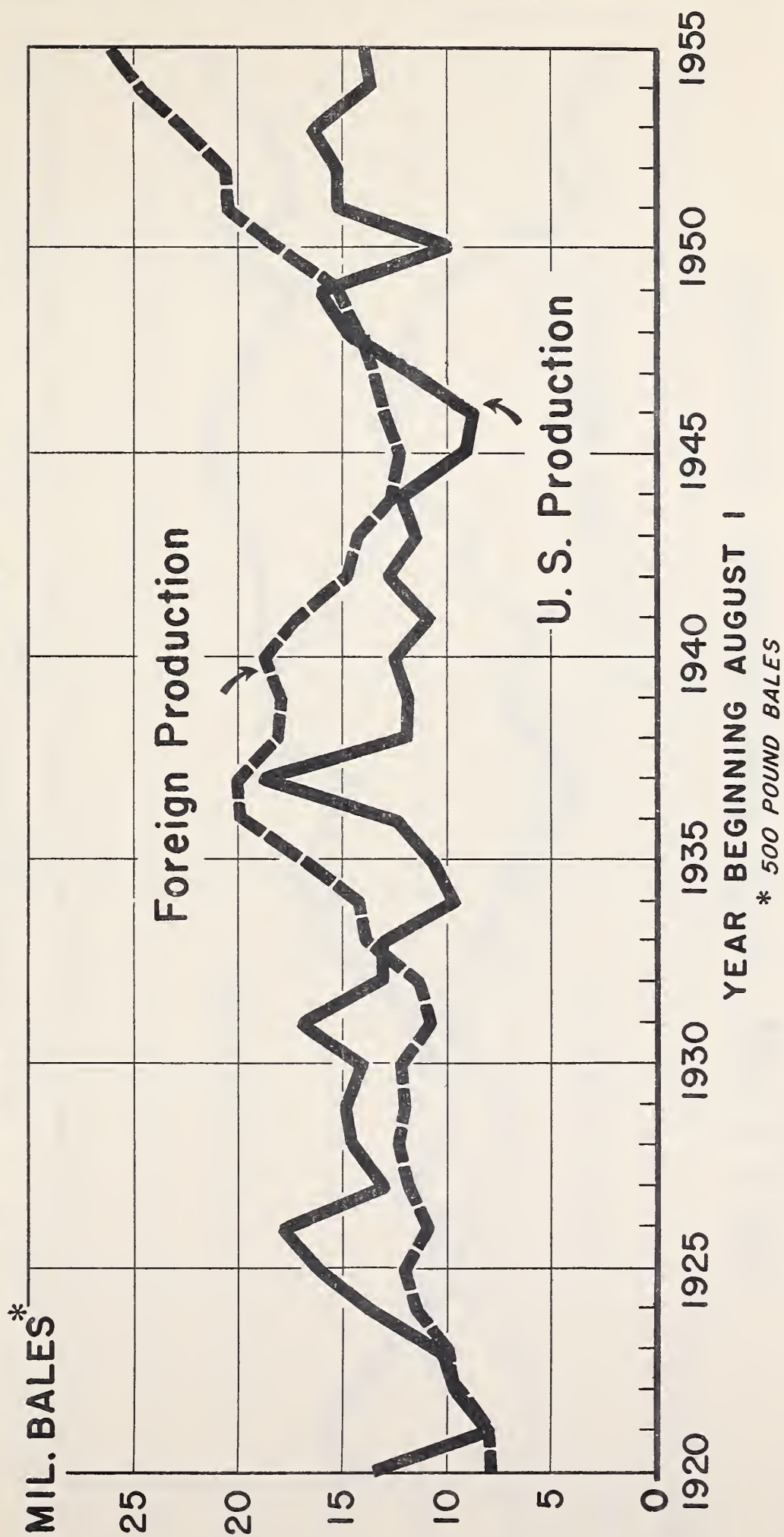
This is one of a series of regularly scheduled reports on world agricultural production approved by the Foreign Agricultural Service Committee on Foreign Crop and Livestock Statistics. It is based in part upon reports of U.S. Agricultural Attaches and other FAS representatives abroad.

COTTON: Foreign Production and Consumption

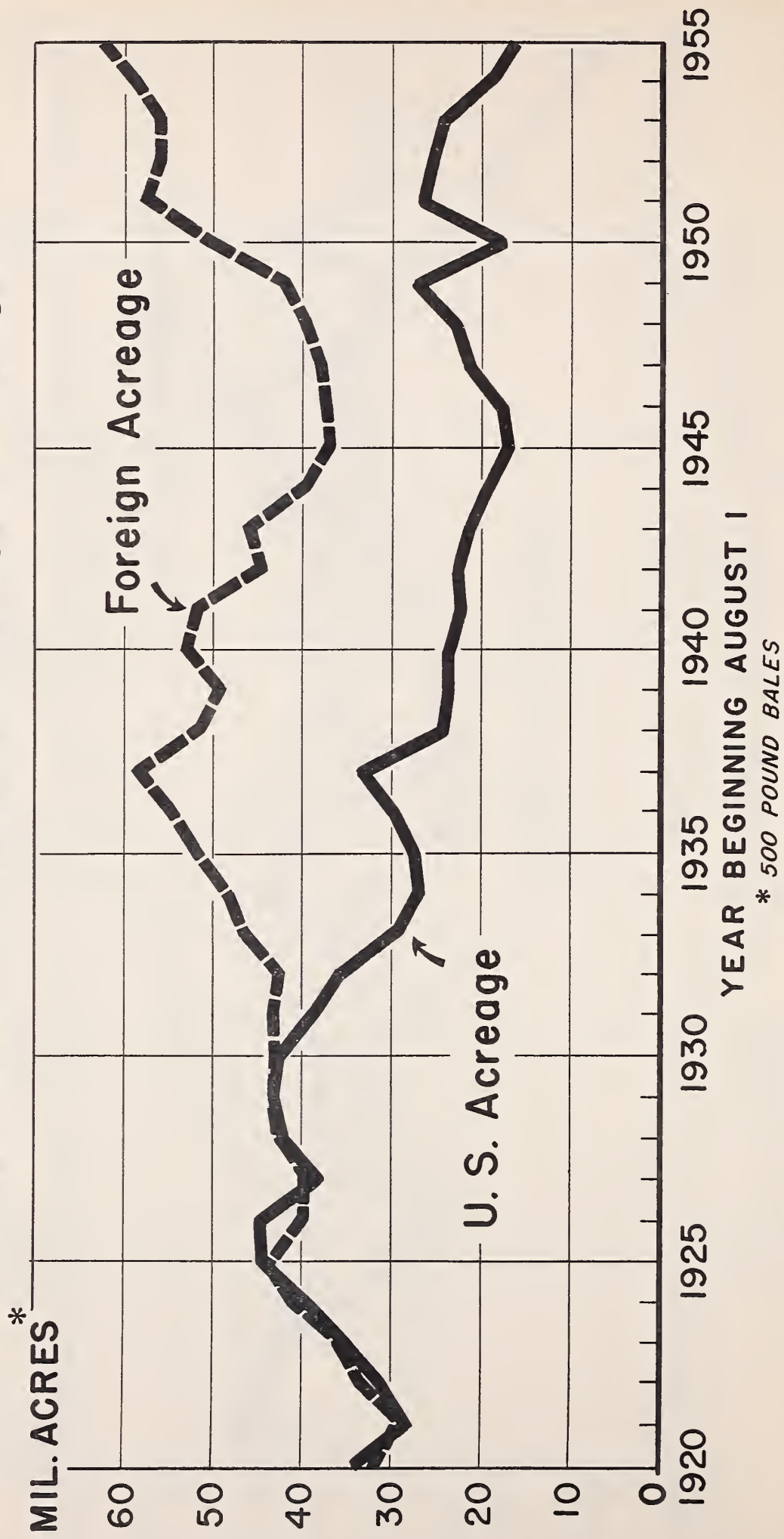


*500 POUND BALES

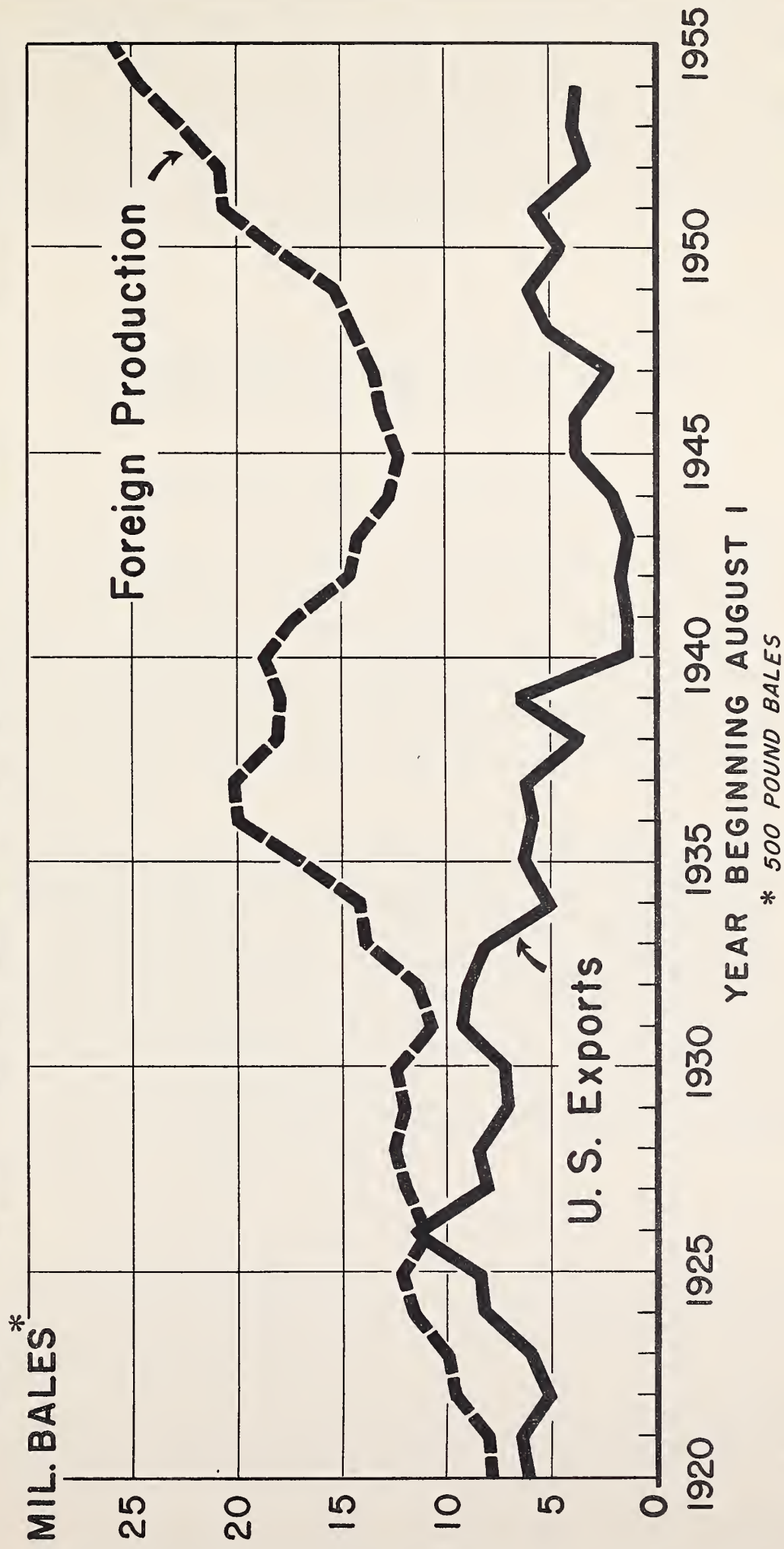
COTTON: U. S. and Foreign Production



COTTON: U.S. and Foreign Acreage



COTTON: U.S. Exports and Foreign Production



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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D. C.

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DEC 23 1955

November 30, 1955

UNITED STATES IMPORT QUOTAS AND DUTIES ON COTTON AND COTTON WASTE AND IMPORTS UNDER QUOTAS

Basis and Authority for Quotas

Under the provisions of Section 22 of the Agricultural Adjustment Act of 1933, as reenacted and amended, the President of the United States is authorized to impose quantitative restrictions (quotas) and fees (import duties) on any agricultural commodity or product whenever he finds, pursuant to appropriate proceedings by the Tariff Commission, that imports of such commodity or product adversely affect or seriously threaten any program or operation undertaken by the Department of Agriculture. The Secretary of Agriculture has the responsibility of advising the President regarding the need for action under the provisions of Section 22.

If the President finds, on the basis of investigations and reports and recommendations, that imports of a commodity or product adversely affect or seriously threaten any Department program or operation, he is required to impose such fees or such quantitative limitations on imports as he determines to be necessary. However, the fees imposed may not exceed 50 percent ad valorem, and the quantitative limitations may not limit imports of the commodity or product to proportionately less than 50 percent of the total imports of the commodity or product during a representative period determined by the President. This 50 percent limitation is known as the "legal minimum." With certain exceptions, the "representative period" used in establishing quotas in 1939 was the 5-year period July 1, 1928, to June 30, 1933.

Cotton Import Quotas First Imposed in 1939

By Presidential proclamation effective September 20, 1939, country import quotas (specified quantities for designated countries) were established on cotton and cotton waste, generally described and in aggregate quantities as follows:

1. Cotton (other than harsh or rough cotton of less than 3/4 inch in staple length and chiefly used in the manufacture of blankets and blanketing, and other than linters).
 - a. Staple length less than 1-1/8 inches, annual country quotas, aggregating 14,516,882 pounds;

- b. Staple length 1-1/8 inches or more, annual country quotas, aggregating 45,656,420 pounds.
2. Cotton card strips and comber, lap, sliver, and roving waste, annual country quotas, aggregating 5,482,509 pounds.

With certain exceptions, the bases for determining the amounts of the respective country quotas originally established were as follows:

For cotton under 1-1/8 inches other than harsh or rough cotton of less than 3/4-inch staple, each country quota was equal to the average annual imports of the kinds or types of cotton designated during the 10-year period beginning August 1, 1929, or the legal minimum, whichever was larger. The country quotas were equal to the 10-year average annual imports in the case of Egypt and the Anglo-Egyptian Sudan, Peru, Mexico, Brazil, U. S. S. R., Argentina, Haiti, Honduras, Paraguay, Colombia, Iraq, Nigeria, and French Africa other than Algeria, Tunisia, and Madagascar. The quotas were set at one-tenth of the 10-year annual average in the case of British India, China, and the Netherlands East Indies, and at the legal minimum in the case of Ecuador, British East Africa, and designated British East Indies possessions.

For cotton 1-1/8 inches or more, the country quotas for certain countries were in amounts equal to the average imports from the country during "the two highest recent years," which were larger than the legal minima, and for other countries were in amounts equal to the legal minima.

For the group of cotton wastes designated, the country quotas "were determined by adding one-third of the reported imports of duty-free card strips and comber waste from the several countries during the 4 crop years 1935-36 to 1938-39, inclusive, and adding to this total the imports of all dutiable waste . . ." 1/.

The Tariff Commission finding 1/ stated that certain cotton was being imported into the United States "under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with the program undertaken with respect to cotton under the Soil Conservation and Domestic Allotment Act." The original quota proclamation stated that "the total quantity of cotton or cotton waste which may be entered hereunder with respect to each of the countries is not less than 50 per centum of the average annual quantity imported from each of such countries during the period July 1, 1928, to June 30, 1933."

Effective December 19, 1940, import quotas on cotton having a staple length of 1-11/16 inches or more were suspended following an investigation by the Tariff Commission which disclosed that imports of such cotton were needed for the defense program and that removal of such cotton from quota

1/ U. S. Tariff Commission, Report No. 137, Second Series, "Cotton and Cotton Waste," 1939.

control would not interfere with the cotton program of the Department of Agriculture. No change was made in the total amount of the quota on cotton having a staple length of 1-1/8 inches or more. Therefore, the exclusion from the quota of this extra long-staple cotton, which is imported principally from Peru, actually had the effect of increasing the quantity of cotton 1-1/8 inches to 1-11/16 inches that might be imported.

During 1942, import quotas were suspended on American cotton returned to this country under certain conditions, on commercial samples of cotton and cotton waste, and on card strips made from cotton having a staple length of 1-3/16 inches and longer. Also, the quota on cotton stapling 1-1/8 inches and longer was changed from country to global (no countries designated) basis on July 29, 1942.

Harsh or Rough Cotton Placed Under Quota in 1946

Effective September 20, 1946, a global quota was established on harsh or rough cotton having a staple length of less than 3/4 inch. In the quota proclamation, the term "chiefly used in the manufacture of blankets and blanketing" as used in describing this type of cotton in the President's proclamation that became effective September 20, 1939, was deleted. The annual global quota on this type of cotton was fixed at 70,000,000 pounds, the equivalent of 145,833 bales of 500 pounds gross weight.

In arriving at the annual global quota for this type of cotton, the Tariff Commission considered it appropriate to adopt as a basis the average imports of short-staple Asiatic cotton from countries supplying chiefly harsh cotton under 3/4 inch in staple length for the 2 crop years in the decade prior to 1945-46 in which total imports were the highest. The 2 crop years were 1936-37, in which total imports from India, China, and the Netherlands East Indies were the equivalent of 139,450 bales of 500 pounds gross weight, and 1941-42, in which total imports from India and the Netherlands East Indies aggregated 154,108 bales of 500 pounds gross weight. The average annual imports for the 2 years were 70,454,000 pounds, equivalent to 146,779 bales of 500 pounds gross. The quota was therefore set at the round figure of 70,000,000 pounds.

Supplemental Quotas

Supplemental import quotas of 23,094,000 pounds and 7,500,000 pounds, respectively, were established in 1947 and 1950 on cotton having a staple length of 1-3/8 inches or more but less than 1-11/16 inches. A supplemental quota of 18,000,000 pounds was established in 1948 on cotton having a staple length of 1-1/8 inches or more but less than 1-11/16 inches, and a supplemental quota of 1,500,000 pounds was established in each of the years 1950 and 1951 on harsh or rough cotton having a staple length of 1-3/16 inches or more but less than 1-3/8 inches. The opening date for the annual quota on cotton having a staple

length of 1-1/8 inches or more but less than 1-11/16 inches was changed from September 20 to February 1 effective in 1950, and an interim quota of 16,487,042 pounds was provided for the period September 20, 1949, through January 31, 1950.

Import Quotas Currently in Effect

The total of import quotas currently in effect on all types of cotton is 130,173,302 pounds, the equivalent of 271,194 bales of 500 pounds gross weight. Designated cotton mill wastes are subject to an import quota of 5,482,509 pounds. The amounts of the import quotas, by types, are shown in table 1.

Table 1. United States import quotas on cotton and cotton waste

Type of cotton	Amount of quota	Quota year begins	Kind of quota	Year quota was established
	<u>Pounds</u>	<u>Equivalent 500-lb. gross weight bales</u>		
Cotton, under 1-1/8 inches other than rough or harsh under 3/4 inch.....	14,516,882	30,243	Sept. 20 : country	1939
Cotton, 1-1/8 inches or more but less than 1-11/16 inches:	45,656,420	95,118	Feb. 1 : 1/global	1939
Cotton, harsh or rough, of less than 3/4 inch.....	70,000,000	145,833	Sept. 20 : global	1946
Total.....	130,173,302	271,194		
Designated cotton waste.....	5,482,509	-	Sept. 20 : country	1939

1/ Since July 29, 1942 (see page 3).

Imports of Cotton and Cotton Waste Under Established Quotas

The annual imports for consumption of cotton and cotton waste chargeable to the respective quotas since their inception are shown in tables 2 and 3. Also shown in table 3 are imports for consumption of cotton 1-11/16 inches and longer in staple, which has not been subject to quotas since December 19, 1940.

Table 2.--Cotton, under 1-1/8 inches other than harsh or rough,
cotton, harsh or rough under 3/4 inch, and cotton waste:
imports for consumption under import quotas, 1939-55

Quota year: beginning Sept. 20	: Cotton, under 1-1/8 inches other than rough or harsh under 3/4 inch	: Imports under quota of 14,516,882 pounds	: Equivalent 1,000 pounds	: 500-lb. gr.: wt. bales	: Cotton, harsh or rough, of less than 3/4 inch	: Imports under quota of 70,000,000 pounds	: Equivalent 1,000 pounds	: 500-lb. gr.: wt. bales	: Cotton waste Imports under quota of 5,482,509 pounds
1939	4,951	9,902	no	quota					3,814
1940	10,075	20,990	"	"					1,753
1941	9,830	20,479	"	"					302
1942	9,759	20,331	"	"					153
1943	9,374	19,529	"	"					-
1944	9,014	18,779	"	"					70
1945	11,758	24,496	"	"					70
1946	11,410	23,771	45,330	94,437					173
1947	10,497	21,035	44,252	92,192					270
1948	10,169	21,186	23,905	49,802					321
1949	9,747	20,306	37,793	78,735					1,841
1950	805	1,676	31,003	64,590					1,710
1951	9,066	18,888	7,127	14,847					777
1952	9,488	19,768	22,501	46,878					546
1953	7,833	16,320	12,429	25,895					1,252
1954	10,135	21,114	13,439	27,998					1,847
1955	<u>1/</u> 9,251	19,274	<u>2/</u> 1,134	2,363	<u>1/</u>				266

1/ To October 11, 1955. 2/ To September 30, 1955.

Source: U. S. Bureaus of Census and Customs.

Table 3.--Cotton 1-1/8 inches or more but less than 1-11/16 inches:
United States imports for consumption under import quotas and
imports of cotton 1-11/16 inches and longer, 1939-55

Quota year <u>1/</u>	Cotton 1-1/8 inches or more but less than 1-11/16 inches <u>2/</u>		Total imports, all cotton 1-1/8 inches and longer <u>3/</u>		Total imports, cotton 1-11/16 inches and longer <u>4/</u>	
	Import quota	Imports under quota				
	Equivalent: 1,000 pounds	Equivalent: 500-lb. gr. wt. bales	Equivalent: 1,000 pounds	Equivalent: 500-lb. gr. wt. bales	Equivalent: 500-lb. gr. wt. bales	Equivalent: 500-lb. gr. wt. bales
1939	45,656	95,118	31,649	65,935	68,748	<u>2/</u>
1940	45,656	95,118	37,648	78,433	72,517	<u>2/</u>
1941	45,656	95,118	45,609	95,019	100,150	5,131
1942	45,656	95,118	45,639	95,081	132,803	37,722
1943	45,656	95,118	35,580	74,125	78,588	4,463
1944	45,656	95,118	44,360	92,417	97,432	5,015
1945	45,656	95,118	45,656	95,118	104,175	9,057
1946 <u>5/</u>	68,750	143,229	68,750	143,229	156,631	13,402
1947 <u>5/</u>	63,656	132,617	51,342	106,962	130,723	23,761
1948	45,656	95,118	45,656	95,118	99,470	4,352
1949	<u>6/</u> 16,487	<u>6/</u> 34,348	<u>6/</u> 16,487	<u>6/</u> 34,348	46,276	11,928
1950 <u>5/</u>	53,156	113,868	53,156	110,742	130,754	20,012
1951	45,656	95,118	45,656	95,118	102,473	7,355
1952	45,656	95,118	45,656	95,118	105,499	10,381
1953	45,656	95,118	45,656	95,118	107,551	12,433
1954	45,656	95,118	41,054	85,529	99,475	13,946
1955	45,656	95,118	<u>7/</u> 31,314	<u>7/</u> 65,238	<u>8/</u> 67,006	<u>9/</u>

1/ Quota year began September 20 until changed to February 1 in 1950. 2/ Prior to December 19, 1940, the quota applied to all cotton 1-1/8 inches and longer. 3/ Year beginning September 1 from 1939 through 1948; for 1949, period was September 1, 1949-January 31, 1950. 4/ Prior to 1952, figures are approximate, since they represent differences between total imports of cotton 1-1/8 inches and longer and imports under quota; beginning in 1952, imports of cotton 1-11/16 inches and longer have been reported separately by the Census Bureau. 5/ Supplemental quotas. 6/ September 20, 1949, to December 31, 1950. 7/ To September 30, 1955. 8/ To August 31, 1955. 9/ Not available.

Source: U. S. Bureaus of the Census and Customs and U. S. Tariff Commission.

Sources of and Uses for Imported Cotton

For cotton under 1-1/8 inches in staple length other than rough or harsh cotton under 3/4 inch, the sources of the imports during the base period were reflected in the amounts of the individual country quotas originally established. The amounts of the quotas represented average annual imports from each country during the 10-year period beginning August 1, 1939, or the legal minimum, whichever was larger. The country quotas established, which are still in effect, are as follows:

<u>Country</u>	<u>Amount of quota</u> <u>Pounds</u>
Egypt and the Anglo-Egyptian Sudan.....	783,816
Peru.....	247,952
British India.....	2,003,483
China.....	1,370,791
Mexico.....	8,883,259
Brazil.....	618,723
Union of Soviet Socialist Republics.....	475,124
Argentina.....	5,203
Haiti.....	237
Ecuador.....	9,333
Honduras.....	752
Paraguay.....	871
Colombia.....	124
Iraq.....	195
British East Africa.....	2,240
Netherlands East Indies.....	71,388
Barbados.....	-
British West Indies other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago..	21,321
Nigeria.....	5,377
British West Africa other than Gold Coast and Nigeria.....	16,004
French Africa other than Algeria, Tunisia, and Madagascar.....	689
Algeria and Tunisia.....	-
Total.....	<u>14,516,882</u>

As shown in table 2, in no year have the annual imports under quota of cotton under 1-1/8 inches (other than rough or harsh cotton) exceeded 11.8 million pounds, approximately 81 percent of the quota. These imports amounted on the average during the 10 years 1945-1954 to about 9 million pounds, approximately 62 percent of the quota. The quota for Mexico, which represents 61 percent of the total quota, has been filled during most years. Apart from rough or harsh Asiatic cotton, about 80 percent of United States imports of short-staple cotton during the 10-year period 1929-1938 came from Mexico. The Tariff Commission report 1/ stated that

1/ Report No. 137, Second Series, "Cotton and Cotton Waste," 1939.

Mexican cotton was substantially similar to that grown in the United States adjacent to Mexico, that the imports of Mexican cotton were due chiefly to the convenience of handling, and that most of the Mexican cotton imported was reexported to Europe or Asia. Cotton under 1-1/8 inches imported for consumption from Mexico and other countries under this quota is the same type as domestic Upland cotton.

Practically all of the cotton 1-1/8 inches and longer imported into the United States comes from Egypt, the Anglo-Egyptian Sudan, and Peru. During the 10 crop years immediately preceding the establishment of import quotas in 1939, the total imports of all cotton 1-1/8 inches and longer amounted on the average to the equivalent of about 80,000 bales of 500 pounds gross weight, nearly 97 percent of which came from Egypt and the Sudan and about 3 percent from Peru. These imports were about equally divided between cotton 1-1/8 to 1-3/8 inches in staple length and cotton 1-3/8 inches and longer. Egypt and the Sudan supplied over 94 percent of the imports 1-1/8 to 1-3/8 inches and more than 99 percent of those 1-3/8 inches and longer.

Prior to 1939, ordinary long-staple cotton (1-1/8 to 1-3/8 inches) was used primarily by the tire industry. Sewing thread represented the most important single use of the extra long staple (1-3/8 inches and longer). The finer woven goods, knitting yarns, and various specialty yarns were the other principal uses. The tire cord and fabric markets have since been almost entirely captured by synthetic fibers. In many uses and in varying proportions, depending substantially on raw material prices, substitution continues between imported and domestically produced cotton, both long staple and extra long staple, and between cotton and synthetic fibers. Thread has continued as the most important use for extra long-staple cotton, accounting during recent years for roughly 60 percent of the total consumption, mostly of Egyptian and American-Egyptian. About 25 percent is consumed as woven fabrics. The proportion consumed in thread has declined since 1946, while the proportion consumed in woven fabrics has increased. Knitting yarns and laces account for about 10 percent and the remaining 5 percent is consumed in the manufacture of gloves, machine ribbons, and miscellaneous products.

Harsh or rough Asiatic cotton having fibers of large diameter and thick walls, averaging from 1/2 inch to 5/8 inch in staple length, constituted practically all of the United States imports of short-staple cotton prior to 1929. This type of cotton, which imparts a wool-like appearance and feel to the goods made from it, is not produced in the United States. Prior to 1945, domestic consumption of this type was confined almost entirely to establishments making blankets and blanketing. Since 1945, however, considerably more than one-half the imports appear to have been consumed in other products, including mattress and upholstery felts, industrial filters, apparel and other padding, wadding, surgical, and other uses.

The import quota for Asiatic-type cotton was established in 1946. For 18 years prior to that time the average annual imports of cotton from India, China, and the Netherlands Indies, amounted to about 40,700,000 pounds, equivalent to approximately 84,800 bales. About 78 percent of this amount came from India, 21 percent from China (all prior to 1939), and 1 percent from the Netherlands Indies. These three countries were the chief suppliers of harsh or rough cotton under 3/4 inch in staple length. Since the establishment of the global quota in 1946, average annual imports under quota have amounted to about 26,420,000 pounds, approximately 55,000 bales, roughly 84 percent of which came from India and 15 percent from Pakistan, with small quantities from Burma during the past 2 years.

The import quota on cotton mill waste applies to cotton card strips made from cotton having a staple length of less than 1-3/16 inches, comber waste, lap waste, sliver waste, and roving waste, whether or not manufactured or otherwise advanced in value. Not more than one-third of the quotas may be filled by waste other than comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the United Kingdom, France, the Netherlands, Switzerland, Belgium, Germany, and Italy. The country quotas are as follows:

<u>Country</u>	<u>Established quota Pounds</u>
United Kingdom.....	4,323,457
Canada.....	239,690
France.....	227,420
British India.....	69,627
Netherlands.....	68,240
Switzerland.....	44,388
Belgium.....	38,559
Japan.....	341,535
China.....	17,322
Egypt.....	8,135
Cuba.....	6,544
Germany.....	76,329
Italy.....	21,263
Total.....	5,482,509

Import Duties on Cotton

From the year 1883 until May 28, 1921, when the Emergency Tariff Act became effective, all imports of raw cotton into the United States were free of duty. The duty of 7 cents per pound on cotton 1-3/8 inches or more in staple length, imposed by the Emergency Tariff Act of 1921, was removed effective September 22, 1922, by the Tariff Act of 1922. Cotton imports continued duty-free until June 18, 1930, the effective date of the Tariff Act of 1930. This Act placed a duty of 7 cents per pound on raw cotton having a staple length of 1-1/8 inches or more and a duty of

10 cents per pound on the cotton contained in manufactures, except rags that were made of cotton having a staple length of 1-1/8 inches or more.

By Presidential proclamation issued under the authority of the Trade Agreement Act of 1934, as amended and extended, the import duty on cotton 1-11/16 inches and longer was removed and the duty on cotton 1-1/8 inches or more but less than 1-11/16 inches was reduced to 3-1/2 cents per pound, effective July 29, 1942. This action was a part of the Trade Agreement with Peru. Beginning January 1, 1948, as a part of the General Agreement on Tariffs and Trade (GATT), the tariff rate on the cotton having a staple length of 1-1/8 inches or more contained in these manufactures was reduced to 5 cents per pound. Effective October 7, 1951, as a part of the General Agreement on Tariffs and Trade, an import duty of 1-3/4 cents per pound was imposed on cotton 1-11/16 inches and longer in staple. Imports of cotton having a staple length of less than 1-1/8 inches, cotton linters (including cotton pulp), cotton waste specified in the import quota, and cotton produced in the United States when returned after having been exported, without having been advanced in value or improved in condition by manufacture or other process, are free of duty.

Regulations prescribed by the Secretary of the Treasury provide that the staple length of cotton shall be determined for all customs purposes by application of the Official Cotton Standards of the United States for length of staple, as established by the Secretary of Agriculture and in effect when the determination is to be made.--By R. T. Baggett, Agricultural Economist, Cotton Division, Foreign Agricultural Service.